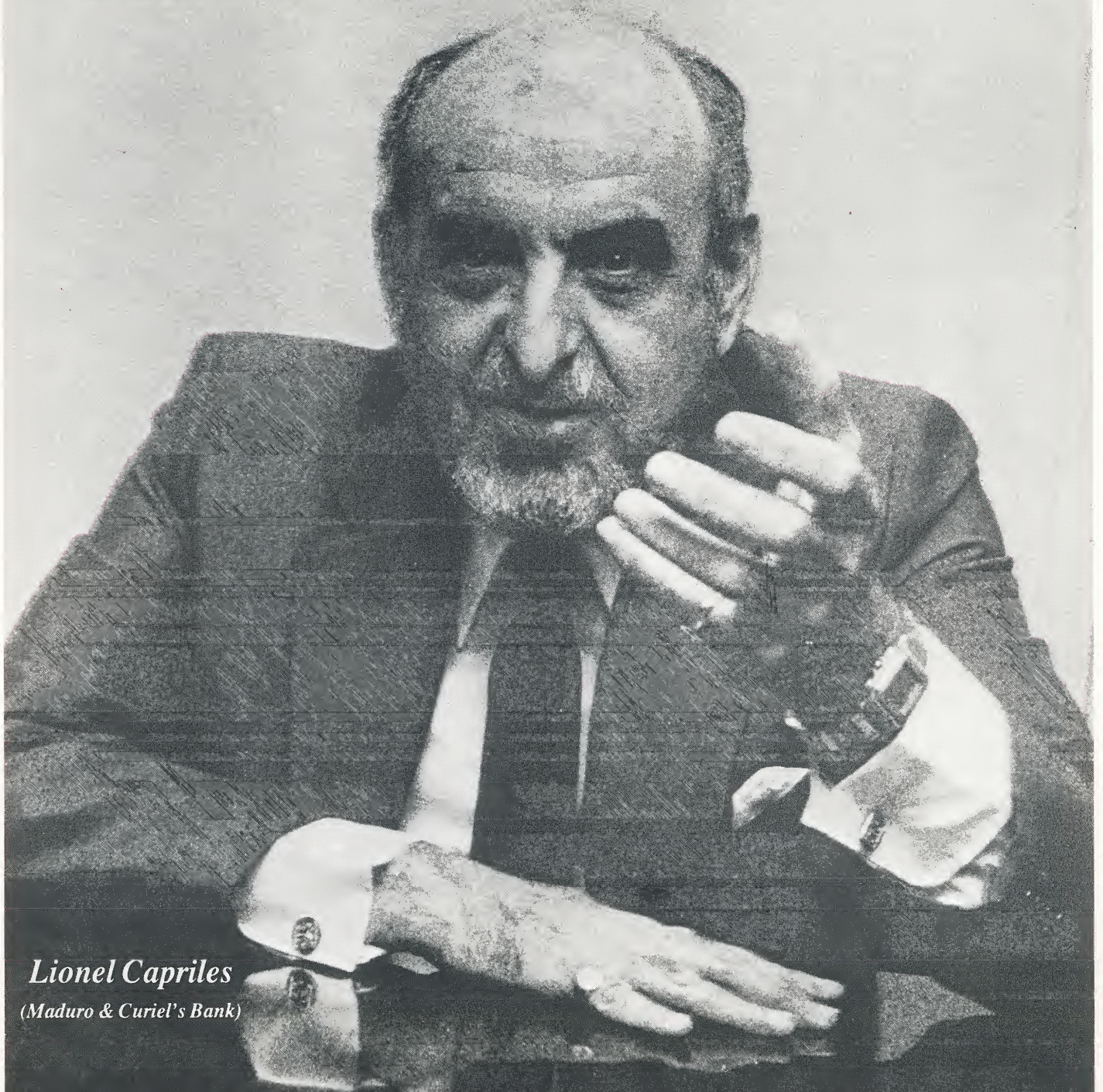


August 1, 1985

ANTILLEN REVIEW

ARUBA'S ECONOMIC
PROSPECTS



Lionel Capriles
(Maduro & Curiel's Bank)

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FROM THE EDITOR

Five years ago when Antillen Review was conceived, it was felt that publishing on a bi-monthly schedule would suffice with regard to keeping up with developments in the Netherlands Antilles. Unfortunately for our readers, in particular those living abroad, this no longer holds true. The crisis, which presently besets the country, has caused an acceleration of events to take place. As a result the situation within the country can easily change quite drastically during the days between the copy-deadline and the moment of actual appearance of the magazine. Even though the paper has a typical 'review' character, this might lead to a mild form of misleading readers, who are not in a position to inform themselves about the country on a daily basis. This could in particular be true of the present issue. On the last day of paste-up the results of the Caracas meeting between re-

presentatives of the Antillean, Dutch and Venezuelan governments and high officials of SHELL concerning the latter's refinery on Curaçao were made public. These results gave rise to some optimism with regard to the survival chances of the refinery. Hours before the paper closed it became evident that the future of the company hinges on the outcome of yet another series of talks, which should be concluded on the day the paper goes on sale. If SHELL and the Venezuelan Oil Company (PDVSA) do not reach agreement on the supply and price issue before August 1, it is feared that closure of the refinery can no longer be evaded. And if that fatal decision would be taken, the worst undertones of AR's analysis will become true. We on our part hope that we will be able to inform you of the opposite when our next issue appears on October 1.

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GRACE PERIODS GALORE

Whether the economy will continue its downward slide or take a turn for the better, no-one should ever doubt that the Antilles were given ample opportunity to procure the last. The avalanche of grace-periods granted the country during the past twelve months at least balances the woes which have befallen it. When the US congress in July 1984 passed the Tax Repeal Act, which by implication would deprive the Antilles of a substantial percentage of its income, it provided at the same time a seven

year grace period allowing the country to develop other sources of income. Last June the Dutch parliament approved a revision of the tax regulations between the two partners in the Kingdom, assuring the Antillean off-shore sector of eight years stability in that realm. Mid-July the governments of Venezuela and the Netherlands came to the assistance of the Antillean authorities in an attempt to avert the closure of SHELL-Curaçao.



Negotiations at the highest level between the three governments in Caracas resulted in a political agreement to do whatever possible to save the refinery and work together towards a diversification of the Antillean economy. As a result SHELL once more postponed closing down its operations and agreed to another round of negotiations with the Venezuelan Oil Company PDVSA to see if a commercially acceptable deal can be worked out with regard to the supply aspect. By the time this magazine reaches its readers the outcome of these negotiations should be known. The political accord signed by the Venezuelan president Jaime Lusinchi, Dutch prime-minister Ruud Lubbers and his Antillean colleague Maria Liberia-Peters, however, gives rise to the expectation that the country will be granted another economic breathing space.

It should in all fairness be observed, however, that the concept "by grace alone" is not applicable. A lot of hard work went

into procuring these grace-periods. Government officials and representatives of the off-shore sector did an admirable job lobbying both in Washington and The Hague and should be given most if not all the credit for the relatively positive results in the first two instances mentioned above. The recent hopeful developments with regard to the refining issue are also the direct result of tireless efforts on the part of a number of trade-union leaders, politicians and private citizens.

Although the co-operation of the Dutch and Venezuelan governments must be called remarkable, it should be observed that the initiative which led to their involvement was taken by representatives of the Antillean community and more in particular of the trade-unions. This show of a fighting spirit should go far in establishing a new confidence both at home and abroad in the nation's future.

But procuring grace-periods, needless to say, is not enough. The happy smiles marking the return of the Antillean delegation from Caracas, should not tempt anybody to think that all is well.

The truth is that it is not! The economic depression, in particular on Curaçao, is accelerating and measures to stem the tide should not be postponed any longer. The energy which went into creating breathing-spaces should forthwith be applied to putting order to the Antillean household. It is already 5 months ago that all sectors on Curaçao during a so-called 'kumbre' agreed that drastic austerity measures should be taken. Several months ago the Government announced its intention to implement no less than 74 measures of that nature, but has hitherto failed to do so.

It should be realized that even if some of the proposed measures are open to criticism further delay of action might very well erode the newly created grace-periods. ■



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IMF ON ARUBA

ECONOMIC RECOVERY POSSIBLE BY 1988

By Henk Timmer

The years 1986 and 1987 will constitute a far from easy period for Aruba, but if the suggestions of the IMF are followed carefully, a new balance can be reached as soon as 1988. A combination of accelerated growth of Aruba's tourism sector, some foreign lending and higher taxes are suggested by the staff team of the International Monetary Fund in a report dated June 11, 1985.

Lago's closing caused the largest unemployment in recent history for the island, while at the same time Aruba lost its biggest source of tax revenue. Minus the oil refinery Aruba will be a one-industry island with only its thriving tourism for the time being as the main source of foreign exchange income. Diversification will of course be tried, but success is not guaranteed and adding new hotels will give much more people work on shorter term. Aruba has excellent deep water ports, a modern well-developed banking system, a development bank catering to the needs of new enterprises and free entry in the European Common Market and the US. The island has a cosmopolitan ambience, a perfect climate, friendly, hospitable people and a government that likes free enterprises. Executives both from Europe and the Americas enjoy working and living in Aruba and consider a tour of duty on the island a choice assignment. Still for the short term, vigorous economic growth with substantial new employment can only be expected from the still very strong tourism industry of Aruba. Last year the increase of the number of tourists coming to Aruba was 7.7 % and the forecast for this year looks promising again. Most hotels have expansion plans in preparation and sustained growth over a good number of years looks feasible. (See also: *Tourism*)

The IMF therefore has assumed a 50 % growth in number of hotel rooms in the period 1985 — 1988. This means that each year some 300 rooms have to become operational. Financing guarantees by the Government will be needed to

make this expansion program succeed, but considering the circumstances such guarantees will be made available, if necessary backed by the Government of the Netherlands.

While the construction of new hotels will put a good number of unemployed people to work, first in construction and afterwards in the operation of the hotels, the tax revenue of the island government will never rebound to the golden years of the Lago era. The government must be streamlined and the population must contribute more in taxes in order to maintain a sufficient service and educational level. Also the salaries and fringe benefits, which are substantially higher among government workers as compared to the private sector, will have to be trimmed to the times. Such fiscal retrenchment combined with investment in the tourism and if possible other industries must create a new balance for Aruba by 1988. The IMF gives the following economic indicators (in million guilders NAF).

foreign exchange. The key to eliminating the external deficit, therefore, is to eliminate the government deficit.

Raising taxes and trimming government expenses to an extent that the deficit will be completely wiped out in one shot is not realistic. It would require such massive increases in taxation and cuts in expenditure that would most probably be self-defeating, creating also a downward spiral in the economy making recovery extremely difficult. The reasonable expectation of an increase in the tourism industry, however, justifies the financing of the interim deficit, rather than its immediate elimination.

The IMF target for 1988 is to achieve fiscal and external balance on the assumption of disposable income in foreign exchange equivalent to NAF. 355 million. To reach this balance the taxation burden must be increased to 37 % (from 28 % in 1984) and public spending must be limited to 276 million in 1988 (including the Dutch development aid) as compared

The IMF gives the following economic indicators (in million guilders NAF)

	1982	1983	1984	1985	1986	1987	1988
Exports - net of related imports	614	484	406	325	293	322	355
of which:							
Lago	(288)	(263)	(176)	(80)	(--)	(--)	(--)
Tourism	(196)*1	(131)	(139)	(150)	(170)	(190)	(210)
Hotel rooms (year average)	2250	2250	2050*2	2050	2346	2676	3076
Government revenues (excluding development aid)	382	378	309	233	224	248	261

The purpose of the measure suggested by the IMF is to reach a balance both in foreign exchange and in the government budget. The two figures are related because a fiscal deficit will in Aruba's situation automatically cause a shortage in

to 356 million in 1984.

The IMF team suggests the following measures for increasing the tax burden:

1. Increase surtax on income tax from 25% to 30% and some other taxes. This measure has already been taken on January 1, 1985 (revenue: 7 million).
2. Solidarity tax, meaning a 6,3 % point increase on the income tax scale for a limited number of years. To be introduced in August 1985 (revenue: 36 million).
3. Increase the excise tax on gasoline at the rate of NAF. 0,50 per liter. To be intro- ▶

*1 The decline in income out of tourism for 1983 as compared to 1982 is caused by the drop in Venezuelan tourism after the devaluation of the Bolivar.

*2 The lower number of hotel rooms for 1984 is a result of the temporary closing of the Aruba Caribbean Hotel.

duced January 1, 1986 (revenue: 14 million).

4. Increase in import duties. To be introduced January 1, 1987 (revenue: 22 million).

The spending cuts proposed by the IMF team are:

1. Wage and salary cuts of civil service personnel. Already done per April, 1985 (revenue: 24 million).

2. Attrition in civil service personnel, and reduction in health benefits. To be executed stretched out over the years 1985 - 1988 (revenue: 25 million).

3. Reductions in subsidies to public enterprises. To be enforced per July 1, 1986 (revenue: 17 million).

4. Reductions in social transfers, effective July 1, 1986 (revenue: 5 million).

5. Reductions in capital outlays, effective Januari 1, 1986 (revenue: 18 million).

The total adjustment of 168 million (79 million in higher taxation and 89 million in spending cuts) can be compared to the Naf. 151 million paid in profit taxes by Lago in 1982. The program adjusts the economy to a non- Lago situation.

Nearly one half of the measures consist of tax increases. Alternative distributions of the adjustment (e.g. with lower taxes and lower expenditures) are in principle possible, but in practice difficult to specify and implement. An important difficulty on which action urgently needs to be taken is the weakness of the Administration's internal expenditure controls. Many small expenditure savings, adding up to a substantial sum, must be possible, but are difficult to enforce due to the

weakness of the expenditure control. It would be preferable, according to IMF, if greater cuts in expenditure could be achieved. Improved expenditure control should therefore be pursued in order to create room to scale back the solidarity tax or to dispense with the introduction of the higher import duties.

Higher taxation as an alternative to wage cuts

The higher income tax - an increase of 6.3 points on the scale for all brackets except the zero tax bracket - called solidarity tax - is the IMF choice for an income restraint as planned by the Central Government. For the public sector this increase in taxation comes on top of the already executed income reduction. For the private sector the solidarity tax replaces the income reduction as planned by the Central Government.

Reductions in subsidies, social transfers and capital outlays

Cost savings in the public enterprises hold the key to reaching a situation where subsidies to these enterprises can be eliminated. An economic and financial audit of these enterprises must lead to reorganisations allowing elimination of the subsidies by mid 1986. If higher rates are unavoidable, so be it, but the deficits must disappear.

The savings in social transfers must fully result from improved administrative efficiency.

Capital outlays must be reduced to a minimum by limiting these outlays to heavy maintenance and projects financed by Dutch development aid.

New employment opportunities

The IMF report stresses the importance of the adjustments suggested. These adjustments are aimed at correcting deficits which are excessive and which threaten the social fabric of the island. The measures will re-establish better conditions to improve employment and do not rely on discretionary employment reductions as a means of adjustment. The IMF team expects that new employment opportunities will be created by these measures, primarily in the tourist sector. The team stresses the importance of financial guarantees and all other assistance that can improve the prospects for building more hotel rooms.

The path of adjustment

The IMF notes that if the measures are introduced early, the cumulative financing requirement for 1985 - 1987 will be smaller, but the recession in 1986 will than be deeper. If they are delayed, the recession will be less severe, but more borrowing will be needed and the debt service will be higher. External borrowing is necessary and justified by the joint promise of the adjustment measures and the expansion of the tourism sector. The path suggested by the IMF as a compromise is as follows:

	1984	1985	1986	1987	1988
Tax rate - percent	28	30	34	37	37
Public expenditure	356	326	301	285	276
Gross Domestic Product	982	777	658	671	706
Fiscal balance (after receipt of development aid of Naf. 15 million per year)	- 32	- 78	- 62	- 22	--

The cumulative deficit for the years 1985 - 1987 amounts to 162 million NA guilders.

This amount must be covered by borrowing abroad. The Dutch Government has announced to be willing to furnish soft loans at 2.5 % interest, but the amounts have to be negotiated. If the balance can be borrowed elsewhere and Aruba can realize its goals of economic growth and spending cuts, brighter times are ahead for the years after 1988. Some of the prosperity of the past golden years can return and Aruba will again be one happy island. ■



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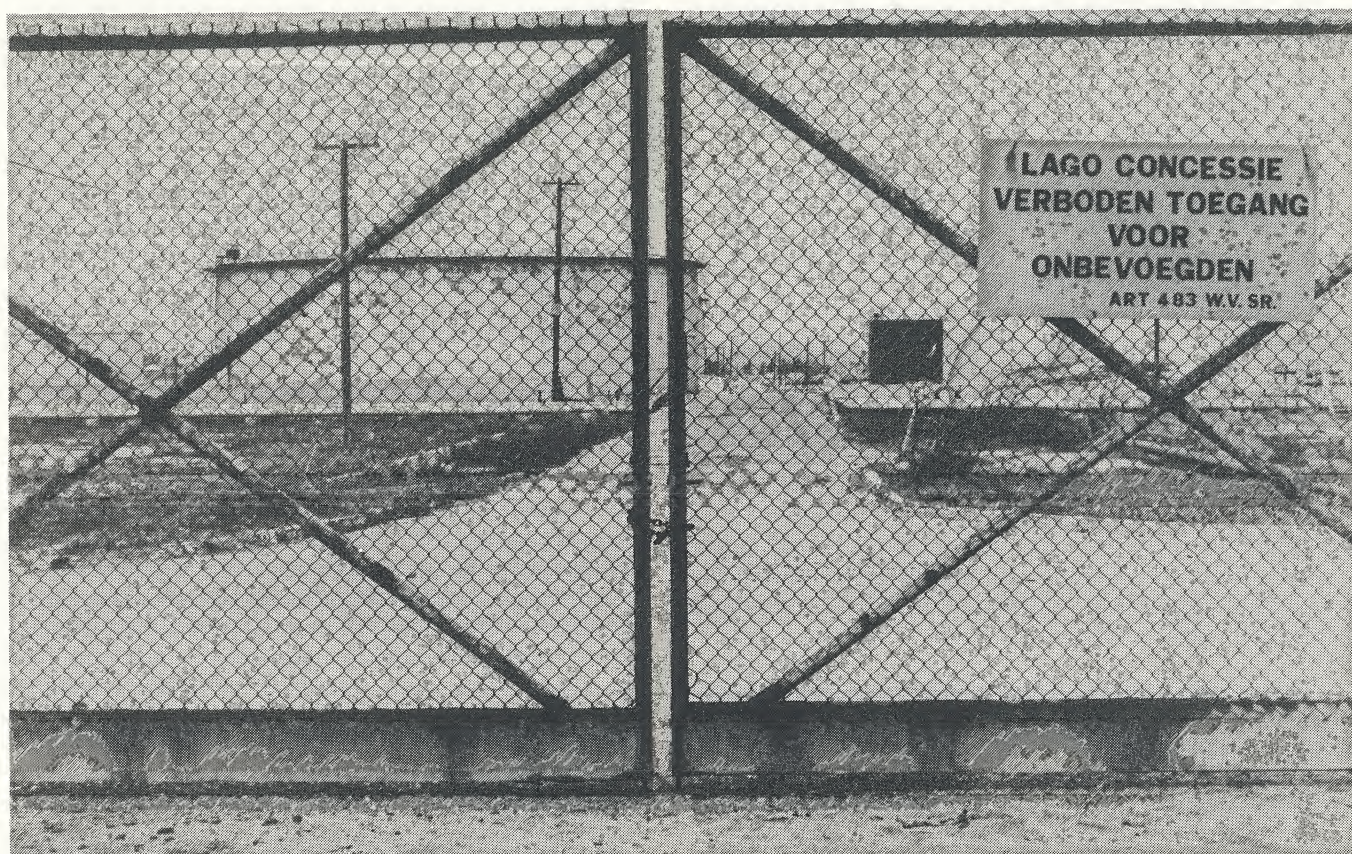
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THE TRAGEDY OF ARUBA

LESSONS FOR SMALL ISLAND DEVELOPMENT

By Sam Cole



The chilling truth, that a total economic collapse might well be the country's fate in two years, has at last dawned upon a wide spectrum of the nation's decision makers'. So wrote the *Antillen Review* (quoted in *Time Magazine*) as the Lago oil refinery in Aruba finally ceased to 'belch smoke into the luminous tropical air'. Trade Union organizations in Aruba are reporting that there will be between 6,000 and 8,000 unemployed (out of a labour force of around twenty three thousand) by the middle of 1985. The crisis of the refinery closure is of awesome dimensions for Aruba, but the lack of foresight and preparedness by the Island's administration is a greater tragedy. This article considers some of the events, both internal and external to the Island, which are relevant to the crisis and how it may now be dealt with.

From 1981 to 1983 I lived in Aruba as Senior Economist Planner leading a small team in the preparation of a medium and long term economic development plan for the Island. This was an especially interesting time in the history of

Aruba's development; the Island Government had recently begun 'final' negotiations for independence from Holland (the 'Colonial Power'), and from Curaçao. In 1981 it seemed that the economy of the Island was about as healthy as any small island might expect to be, given all the uncertainties in external and local affairs characteristic of small economies. Problems of poverty and unemployment on the Island were relatively few by any standards, let alone those of the Caribbean. This does not mean that there were no internal social problems, nor that the Island as an independent state could automatically support and protect herself; but, unlike for many other developing nations where single issues such as malnutrition or massive unemployment are individually so overwhelming that all effort must be devoted to their amelioration, in Aruba, a more balanced view of the society and its future could be adopted. Because the relative wealth of the Island was due historically to the presence of the Lago refinery, the future of the refinery was obviously of critical importance to the Is- ▶

land's economic prospects. Even though the Aruban population prospered during the recession and the Second World War, and afterwards adjusted to the extensive 'rationalisation' in the oil industry by becoming a favoured tourist paradise, there were enough signals for one to be cautious about the economic situation in Aruba, and the oil industry in particular.

In any case, whatever their current circumstances, the history of many small islands demonstrates a vulnerability to changes most often beyond their population's control. The international economy or superpower and regional politics create situations in which small societies have little choice. The experiences of both the Falklands-Malvinas and Grenada have provided recent examples. Almost inevitably these external forces become entangled with the internal dynamics of a society, leading often to impossible situations, wrong choices, and sometimes to social disaster.

Even in the most satisfactory of current circumstances small societies can be faced by a formidable range of alternatives. The possibilities for Aruba ranged across a very broad spectrum of attractive and unattractive alternatives, economically, socially and politically. When I arrived in Aruba in early 1981, the belief was that within the 'territorial' waters of the Island lay considerable oil reserves. Indeed one explanation given for Aruba's haste in wishing to leave the Antilles was that she did not want to share this wealth with the less fortunate and more populous Curaçao, or subsidise the yet smaller, more distant Windward Islands. As is well known, the revenue from this unproven oil deposit was reckoned to secure Aruba's future and a development bank was set up to allocate and invest the money. An alternative possibility, equally likely but potentially disastrous, was that the oil refinery would simply close — after all, there was overcapacity in the world and the economics of refinery location had changed. At the time of our arrival, these were but two of the possibilities for Aruba. On reading the official documents of Dutch experts and World Bank officials, several other 'development strategies' emerged for the Island (or rather for the Antilles, since few of these exercises distinguished well between the islands). Such documents dwelt long on the need to develop export markets, to diversify the economy, for development aid from Holland, and the possible future economic relations between the islands.

But conversations with Arubans revealed a much wider range of desires, fears and alternatives, concerned with their political and cultural future as well as their economic possibilities. Although not always expressed directly, many questions arose. What, for example, was the future relationship with Venezuela, the United States or the wider Caribbean? Would independence make the Island vulnerable to regional pressures of changes in local politics? Would another 'oil boom' in Aruba, or greatly expanded tourism destroy further the 'Aruban way of life'? And from this arose a further question: what was the Aruban way of life? With so many cultural orientations (in 1950, some forty nationalities were represented among the population) and with so many contradictory external norms through tourism, television as well as immigration — there was no single way of life, any more than there was a homogeneous set of aspirations. It was clear that just as in the distant and recent past, economic change has differentially favoured the various ethnic groups and nationalities so it

would in any other future development.

Like many other islands in the Caribbean and elsewhere, Aruba has a complex cultural structure, built up through successive immigrations. Because of her relative prosperity and, as much through historical accident as conscious design, Aruba has evolved a relatively harmonious society. Her population mix is regarded as unusual in the Caribbean with a significant Arawak Indian heritage, as well as people of European, African and latterly of Asian origin. At each new watershed in her history, new cultures and industries have arrived leading to a distinctive division of labour among the population, between sectors, between the regions and in the social hierarchies. Despite a good deal of integration and assimilation, some striking differences related to ethnic origins remain. Some relate superficially to race with every gradation of colour, others more fundamentally to lifestyles and social experience. Most Europeans and Asians have been socialised in what might be termed a 'metropolitan' manner, their overt social values are far removed from the traditional pre-industrial revolution societies. By contrast the Arawak Indian descended people of the Island have not yet fully confronted the changes mandated by industrial society. To some degree, they survive in a limbo between traditional values and those of the modern world. Finally, the African descended populations who have experienced the trauma of plantation slavery, are themselves unusual, in part because of their relationship with the oil refinery.

In the broadest sense, the planning exercise for the Island should have dealt with the twin dilemmas of how to cope with the very wide range of alternatives arising from outside forces, and how to set up a path of development which supports the different cultures, lifestyles and aspirations of the Island. Even in the immediate context of the Island's forthcoming independence and new found problems, these same considerations of the relationship between the internal and the external economic, cultural, social and political dimensions remain; indeed they become more urgent.

No Surprise

From the Island administration's perspective, in October 1984, and 'without warning', Exxon announced that the refinery was to close within the year. Despite protests and a slight stay of execution the Island must now bear the impact. This is likely to mean unemployment for a third of the Island's workforce, a dramatic decline in government revenues and a reduction in the 'strategic' cover implied by being host to a major United States corporation. Worse than this, because of the particular dependence of one township, Sint Nicolas, on the refinery, the impact will be very unevenly spread, regionally, ethnically and sectorally. This could portend a very difficult social climate, and if this materialises, the Island's favoured position in the Caribbean as a haven of relatively safe investment will be further undermined; and so on. This spiral of events could well lead to the 'total' collapse of the Aruban society suggested by the Antillen Review.

In some respects the closure should have been no surprise. Certainly it was a contingency to be prepared for, just as was the wealth of off-shore oil. Various reports had pointed to the changing economics and politics of the industry, and also the over-capacity and actual closure of other refineries in the

Caribbean. The refinery itself had given very mixed signals, alternating over recent years between huge losses and profits, using rapidly deteriorating equipment, but hinting of and then cancelling major reinvestment plans. Reports by oil industry experts to the Antillean Government in the late 1970's had questioned the viability of so many oil refineries in the Caribbean, doubts had been expressed explicitly about the situation of both Lago and the Shell refinery in Curaçao, noting especially the changing economics of oil refinery location (in relation to supply and demand), the increasingly antiquated equipment, lack of new investment and so on.

In the light of such reports, and after discussions with the parties concerned (including representatives of Lago), the possibility of the refinery's closure and estimates of the impact were highlighted in the draft Preliminary Development Plan presented in April 1982 one year before the final Round Table negotiations for Aruba's independence. These calculations based on a simple computer model of the Aruban economy showed roughly that if 1,300 jobs were lost *directly* from the refinery, then another 6,000 would be lost *indirectly* from the private sector and depending on how the government responded another 2 — 3,000 might disappear from the public sector also; and that with progressive collapse yet more jobs would be lost. It is possible that the estimates reported by the trade unions in Aruba are based on these figures. (If so they certainly should be revised). Corresponding estimates were made as to the changes in the levels of income, balance of payments and other variables of interest. This draft report also covered more attractive possibilities, the aim overall being to provide some understanding of the *dynamics* of the Aruban economy and to show how scarce resources could be best used to provide employment and strengthen the economy. The purpose was not to show how vulnerable the economy was, but to show how it might be *protected* against its vulnerability. The administration's response to this document, however, was that it was 'a plan for the Dutch'.

For many reasons such calculations are never accurate, but this does not matter since common sense must tell us that the magnitude of the impact is bound to be large, and that if there is a reasonable likelihood of such an event it *has* to be taken in explicit consideration. Such events as a collapse of the oil refinery cannot be predicted as certainties (nor do I pretend that the calculation was presented as such), but such possibilities seldom go away.

The final negotiations for independence were held in April 1983 (with the author as one economic advisor). One month later I departed the Island, leaving a completed draft 'final' Development Plan. This plan played down the situation at the refinery and presented a hopeful view of the Island's future based on exploitation of its oil wealth, and a variety of other suggestions as to how to diversify the Aruban economy so as to make it less vulnerable to foreseeable but possibly unavoidable changes.

I f the possibility of the refinery's closing was raised in the draft plan and its impact spelled out, why then did the administration choose to ignore it? One part of the answer lies in the special circumstances of the Island's striving for independence and the need to demonstrate economic strength and stability. In this sense only is it true the plan was 'for the Dutch'. Unfortunately, this is only part of the story and in this lies the real tragedy of Aruba.

External Manipulation

The recommendation for the Island to prepare a plan (beyond the general post-war pressures for planning which development agencies and ex-colonial powers exerted on developing nations) came from a proposal to the Bestuurscollege in 1975 and a subsequent recommendation of the Dutch Advisory Committee on Development Aid. This latter body apparently considered that the project funding sought by the six islands of the Antilles was overly ad hoc, and based on filial jealousies between the Antillean islands as much as on a systematic appraisal of the islands' developmental needs by the respective local governments. The Council concluded that 'The volume of future Dutch aid to the Antilles must depend not only on the quality of the proposals included in the integrated social and economic plan... but also on the contribution that the islands themselves are prepared to make to the plan's implementation'. A subsequent report by the Mixed Commission on the Future of the Antilles reiterated this position. Not surprisingly, perhaps, a primary objective of the plan expressed by some members of the Island administration was to provide a rationalisation for new substantial development aid projects from Holland.

Work on the plan proceeded on this basis. But with the run-up to the independence negotiations, a new question was raised. Was not Holland trying to trap the Island? Surely, they would argue, an Island in need of so much development aid

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cannot be a legitimate candidate for independence. If this was the case then the Island must demonstrate economic strength rather than economic weakness; and political and social unity of interest and purpose rather than internal divisions or even cultural diversity if this suggested social inequality or racial strife. Thus the preparation of the plan became a game of cat and mouse, with Holland as the cat attempting (perhaps as Holland saw it) to guide the future of the Island, or (as some Arubans perceived) to manipulate the territory beyond independence, just as they had succeeded in Surinam. As one Surinamese planner, Sedoc-Dahlberg, has written of post-independence, 'It would be difficult to find a politically independent country that is so controlled in its planning system by a metropolitan power'.

Even outside the context of independence, in the turbulent Caribbean, any hint of instability can deter potential investors and tourists. To have shown vulnerability at the independence negotiations would have invited the criticism that the Island could not sustain independence. In this situation, Holland would not have granted Aruba even the semblance of a separate political independence, but instead, have insisted that she remain part of the Antilles. While the Dutch Government was not unhappy to lose her Caribbean islands, it preferred that rich Aruba should take over as paymaster for the poorer islands. In addition, there was considerable pressure from the United States and Venezuela (reported, for example in the *Antillen Review*), for reasons of security and influence, to keep the Antillean 'constellation' together.

At the negotiations the Dutch strategy was to manipulate the Arubans into a monetary union with Curaçao, a device which, whatever the apparent degree of freedom in the 'independence' awarded, would leave Aruba even more closely bound to the economic fortunes of Curaçao than before.

Although in principle some freedom for independent economic policy might seem possible, the economic literature on the subject emphasises how difficult it is to maintain an independent fiscal and social policy within a monetary union. In parenthesis it should be said that this tactic by Holland was quite misguided. An appraisal of the Aruban and Curaçao economies reveals striking differences; although they are so often parcelled together, in terms of levels of unemployment, the distribution of value added (between wage and profits), the export earnings of different sectors and so on, there are features which demand different treatment if policy is to be most effective. The policy was based on an exercise of 'will' so characteristic of Holland's attitude (and other European powers') to its former colonies.

Internal Self-Deceptions

A second part of the answer lies in the political system of the Island and its interaction with these 'external' forces. The Island government is led by a party which has risen to power some eight years before principally on the slogan of Aruban nationhood. In order to persuade an electorate, who had become accustomed to the 'motherly' apron strings of Holland, of the wisdom of the independence adventure, it had to appear safe and rewarding, hence the emphasis on oil wealth. With the independence negotiations timed by Holland one month before the elections, the Government could afford no risk that

the negotiation would be seen to have failed. It had to deliver the symbols of independence, even if the actual bargain struck would ultimately result in less autonomy. Other political parties were caught in the same trap. So successful had been the propaganda for independence that they too could not afford to gainsay the exercise. For the politicians the stakes were very high; with the expectation of considerable oil wealth, the party that led the Island into independence might hope to stay in power for some extended time. The tension was also high; two months before the election, the leader of the Island Government was 'accidentally' shot by a policeman at an election rally.

One may ask also why the advisors to the Island Government did not bring forward a wider view. Again the answer lies in the political structure of the Island and its history. Although Aruba is a democracy based on the Dutch system, this was superimposed after World War II on top of a political system firmly based on kinship. The administration centres on the power of the government leader, and many civil servants are political appointees, not unreasonably caught up also in the enthusiasm for national independence. Populated as she is by 'insiders' and 'outsiders' — those who belong to the old Aruba and those who do not. 'Outsiders' among the government officials, even in high places and born on the Island, do not want to be the carriers of 'bad news', and risk political marginalisation. It was consequently simply 'inadmissible' to question the viability of the oil refinery or the credibility of off-shore wealth.

The last part of the answer also lies in the ethnic complexities and historical experiences of the Antilles. Most recently, when in the late fifties, the Lago and then Shell refineries began to 'rationalise' their operations, massive lay-offs resulted. The crisis was in some sense comparable to that faced by Aruba today but violence was avoided, partly through the expedience of repatriating non-Aruban workers. However, some of the policies adopted then (such as repatriation) may not exist today. In Curaçao, the change sparked 'unemployment' riots in which race was a prominent issue. The less sensitive approach adopted by Shell, the fact that fewer workers in Curaçao were 'temporary' immigrants, and the opportunity to learn from the treatment of the Lago workforce, all appear to have contributed to the more calamitous situation in Curaçao. Dutch marines were sent to Curaçao and the beautiful capital city of Willemstad was literally set on fire. Such experiences have a long term effect on perceptions of an Island. As we have suggested, even the premonition of them creates unease.

After the Event

The closing of the refinery becomes then only one part of the crisis of Aruba. As the above discussion suggests, greater tragedy is perhaps that Aruba is trapped by a combination of external and internal forces which prevent her from facing up to the difficulties and the opportunities which inevitably present themselves. It is possible that, as the *Antillen Review* article suggests, a realisation has now dawned about the urgency of the present situation, but **unfortunately this is slightly 'after the event'** and does not take account of all its dimensions. The experience of the sixties and the warnings of the seventies could have been heeded.

It would be misleading to suggest that vulnerability of Aruba's economy to the caprice of the oil company was

ignored by the Island Government or by the various studies from Holland and international institutions such as the World Bank. There have been suggestions from all sides that the economy should 'diversify' — indeed Aruba has been considerably better off than many other Island economies with its two major economic legs of oil and tourism (itself an after—the—event response to earlier rationalisation in the oil industry), and the crutch of 'development assistance' provided by Holland. But few of the attempts at diversification have been successful: the great hopes expressed for the chemical industry at its inauguration in the late 1950's came to nothing. Even present efforts to promote Arubanisation of the economy through governmental support of small locally owned businesses are suspect on economic grounds. Here again, one can find explanations as to why earlier enterprises failed, and more importantly, why some succeeded, but this too means looking more deeply into the internal and external relations of the society than is presently done.

It is of course easy to criticise policies after the event, and it is also reasonable to ask what further could have been done. This question goes beyond the purpose of the present paper, but we can illustrate here some of the steps which might have been important in softening the present blow.

First, it is evident that in Aruba practically all efforts at diversification, whether touristic, industrial, commercial or financial, have taken place in the vicinity of the capital, Oranjestad, with the result that Sint Nicolas is still depressed from the crisis of the fifties. The reasoning for this concentration of activity seems to be that potential investors and tourists on their arrival on the Island should experience a 'shiny' entrance. Apparent prosperity inspires confidence and attracts more prosperity, some of which will then 'trickle down' to less shiny parts of the Island. Such a policy is not naive, but it has drawbacks. Because of it the Island is due for a re-run of the earlier experience with the impact regionally and ethnically being unnecessarily uneven.

Second, *discussion* of alternatives is important as a way of preparing for, and mitigating, the impact of foreseeable events. Despite the rationalisation for not doing so (of frightening away investors and tourists), a view which is widely shared in the social psychology literature is that preparation for events, both good and bad, makes them easier to deal with if they do materialise. I emphasise good as well as bad here because the equally dramatic opportunity of oil wealth is one of the possibilities which still has to be examined in a very thorough way. The experience of practically all 'oil rich' countries (neighbouring Venezuela among them) shows how easy it is to squander the income, undermine other key aspects of development, and worsen social distribution.

Third, the Island must learn to read better the signals put out by the many major external actors whose behaviour affects Aruba and provides the context, constraints and opportunities for the Island's further development. While it would have been impossible to *predict* unequivocally the oil companies' behaviour (even the United States government has trouble with that), the strategy and objectives of the company may have been less obscure. The very mixed messages in the erratic performance of the refinery over the last decade could be interpreted in the light of several factors, not least Vene-

zuela's relationship with the oil producer's cartel, the efforts to make the refinery look to a prospective purchaser like an attractive bargain, the realisation that the Aruban off-shore oil is still a distant dream (given the present oil glut and demand recession) and so there is no point staying around. If a government does not want to confront the issues, or does not appear to read the signals well (if only because it does not want to frighten the population with them), it may increase the perception of risk among the very people it wishes to impress with the Island's stability.

This is ironic since so many of the topics to be considered are the currency of every day discourse at some level anyway. When one looks at the Caribbean as a whole, it is evident that people perceive the risks, and probably also exaggerate them for the reason just given. Some entrepreneurs, for example, diversify their operations to become 'mini-transnationalists' within the Caribbean system. Most expect 'payback' on investment in a matter of very few years. Among the Caribbean labour force, 'migration' is an intrinsic component of culture. In Aruba the various social and economic groups adopt their own 'risk-averting' strategies depending on their income and opportunities; the wealthy own property in Miami or open overseas bank accounts; the 'insurance policy' for other people may be less secure, consisting of small farming and goats, migration, welfare and perhaps above all, kinship and clientism.

A Way Forward

This need to take account of such factors in order to achieve the 'target' set for planning, is common to small islands and localised communities anywhere. They share the same characteristics; their economies are dominated by a small number of sectors, the largest firms and political events are controlled and manipulated from outside; and a cultural division of labour which is closely identified with the social hierarchy. While sociological and anthropological understanding of the dynamics of these complex multi-cultural societies is improving, and there are some efforts by economists to deal with cultural diversity, it is by no means clear yet what is meant by the 'viability' of such economies. However, it is evident that in many parts of the Caribbean and the developing world this topic has been increasingly addressed. These studies show the only credible way forward.

Why are there no equivalent studies for Aruba? Partly this is explained by the fact that while the Netherlands Antilles is part of the Kingdom of the Netherlands, it is, nevertheless, perceived as a de facto colony. It therefore appears to be something of an embarrassment to many people in Holland, a country which prides itself on appearing as a 'like minded' friend of developing nations. Many of even the best studies by Dutch Caribbeanists such as Hoetink and Goslinga are strangely sanitised with respect to the Dutch connection. In particular, the only extensive historical text on Aruba by Johan Hartog, *Aruba-Past and Present* gives an extraordinarily bland account of cultural divisions in Aruba especially from the time of slave emancipation in the middle of the last century. Although an otherwise excellent history, it leaves us with a myth about the past which generates a myth about the future. All this is related to the legacy of colonialism, and the imposition of an alien culture, through education and otherwise, that for the Dutch colonies meant seeing Amsterdam as the 'centre of the universe'. Even though this ▶

influence was usurped by the United States and even by Venezuela does not change the fact of a misplaced focus.

A second reason for the lack of Aruba specific studies is that the Island has often been viewed very much as a junior partner to Curaçao. Because the Central Government and the University of the Netherlands Antilles are located on Curaçao, most academic study is concentrated there, and when international agencies descend, they concentrate on the problems of the Antillean economy as a whole. Their data and recommendations are naturally weighted by the situation of the dominant economy. This has prevented the situation of Aruba being clearly seen.

The third and most important reason seems to be the different histories of the two islands. The earlier experience of Curaçao alone, and her own narrow escape, might have provided a salutary lesson for Aruba. But while in Curaçao the trauma led to some deeper thinking among the Island community about social relations, in Aruba the response was to close minds to the issue and to view it as a peculiarly Curaçaolean phenomenon — and hope that any latent problems would die away.

There is an urgent need to think this issue through. The collapse of the refinery is a major crisis, but it also presents an opportunity to review the nature of the development process in Aruba, to ask who it is for and what it should consist of. This is not easy since it requires Arubans to re-evaluate their history, to recognise and learn from past mistakes, to accept their diversity of interests and needs and contributions that they can make to the Island's future. Aruba now truly needs a plan which *does* take account of the refinery's demise, but which also demon-

strates clearly that after a number of years there can be a desirable situation for *all* members of the community, and that everyone has a role in its construction. The Island should build forward to an agreed future. Of course there will be uncertainties, but these should not be 'avoided'. Perhaps the exploitation of off-shore oil may still be a realistic opportunity, but the future cannot be built on this alone. Certainly, if the present problem is 'solved' through myth-making or the further polarisation of the community, this is not a solution. ■

The author: Professor S. Cole, presently at the Department of Environmental Design and Planning of the State University of New York at Buffalo, earned his doctorate at the University of Sussex, England and afterwards continued his research at the Cavendish Laboratory, Cambridge. In 1971 he joined the Social and Technological Forecasting Group at Sussex University as Senior Research Fellow, where he co-authored and edited their well known works: *Models of Doom - A Critique of Limits to Growth*, and *World Futures - The Great Debate*. In addition to authoring several books, many articles and research reports, Professor Cole has been consultant to a number of United Nations organizations. He is on the Editorial Board of the journal *FUTURES*, and on the Executive Committee of the World Future Studies Federation.

From 1981 - 1983 Professor Cole was in charge of the preparation of the Economic Development Plan for Aruba, and subsequently was economic advisor to the Island Government at her independence negotiations in Holland.

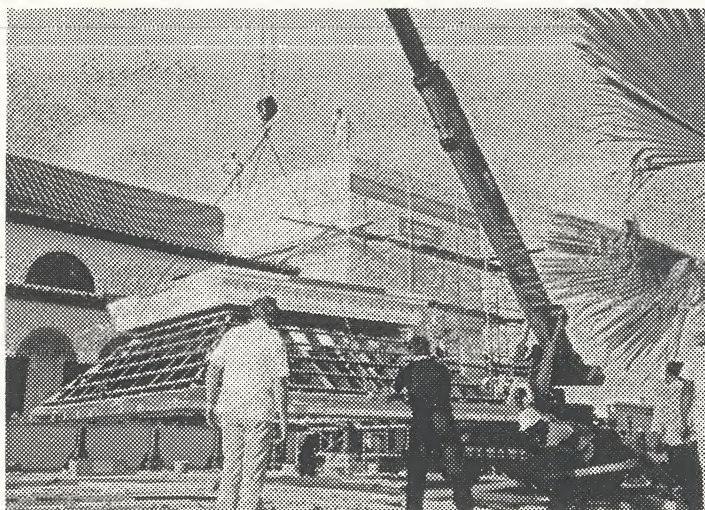
His present work in international relations and future studies includes the worldwide regional and distributional impact of new technologies and the problem of planning in a multi-cultural environment.

The article Professor Cole submitted to *Antillen Review* reflects a paper prepared for a seminar on Maui's Economic Future at the University of Hawaii at Kapalua, May 2nd and 3rd 1985. It is based on the introduction to a forthcoming book: *EXXON AND ARUBA - Crisis and Culture in Economic Development*. The views expressed should not be taken to reflect those of any agencies in the Netherlands Antilles with which the author was associated while working in Aruba.

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By H. Linkels

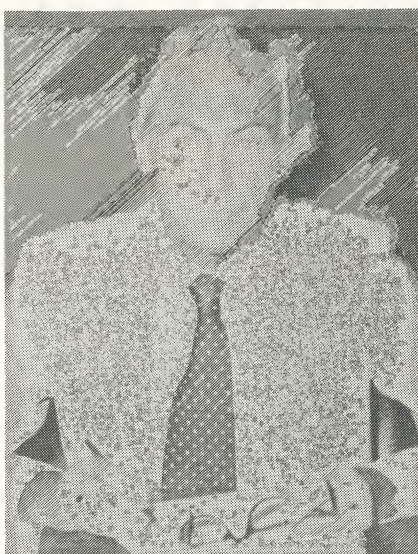
Continued annual losses running as high as Naf. 7 million during the past three years have saddled Bonaire Petroleum Corporation N.V. (Bopec) and its subsidiary Bonaire Marine Service N.V. (Bomas) with an accumulated deficit of Naf. 35 million, a figure which equals one third of the company's total investment. Approximately Naf. 24 million, moreover, is still owed to an international syndicate of banks.

Bopec, a joint venture of Dutch giant Pakhoed N.V. and US based Northville Industries Corporation, has been operating a terminal on the Flamingo Island for the purpose of storage and transfer of oil since 1973. At its establishment the company was hailed as the ultimate solution to the island's pressing financial and employment problems. But today the net profit appears to be an increase in unemployment and anxiety about the future.

The general slump in oil refining and storage activities in the region, however, may signal some hope for Bopec and thus for Bonaire. The closure of Lago in Aruba and the possible termination of Shell in Curaçao present Bopec with an attractive monopoly in the region, according to Mr. Henk Crijns of Pakhoed Holding N.V. "The Aruba and Curaçao refineries have in the past taken much storage business from under Bopec's nose" says Crijns, who points out that the volume of storage determines the viability of the Bonaire operation.

The figures in the meantime leave little doubt about the seriousness of Bopec's situation. During the period 1974 - 1982 the company had to absorb more than Naf. 5.5 million, being the accumulated losses of its subsidiary Bomas N.V. Its own losses during the past two years amounted to a total of US\$ 7,680,589.— or Naf. 13,825,060.—.

The reasons for Bopec's troubles are to be



Theo G.M.Thijssen

found in the international developments which were set into motion after the first oil crisis.

According to Bopec's general manager Theo G.M. Thijssen the determining factor has been the USA's desire for greater independence from the Middle East. Developing the Alaska oil fields and increased buying of Mexican and North Sea oil seriously impaired Bopec's position. A development which prompted Mr. Thijssen in 1980 to advise his shareholders to invest an additional Naf. 8 million in order to gear the terminal to the growing demand for storage and transfer of heavy oil.

The fact that during the past months Bopec has not been handling any crude at all indicates that but for the 1982 investment enabling the terminal to follow the market, its operations would have been terminated by now.

Nevertheless the overall slump in demand both for crudes and products has brought the Bonaire operation great problems. Earlier this year the company was not able to comply with its financial obligations. A rescheduling of its debt has provided some breathing space, but if the company is to survive, a further economizing of its operation is an inescapable must.

Accordingly the company's management has asked the government permission to lay off 25 % of the terminal's

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labour force. A request which implies that the company will no longer be held to adhere to the arrangement made at its establishment in 1973, stipulating that a minimum of 125 workers would at all times be employed. A request which also implies a severe blow to the island's labour situation. A hurried visit by Prime-Minister Liberia-Peters together with the Ministers of Labour and Development Co-operation in June underlines the last observation. But, according to Mr. Thijssen, there is little room for manoeuvring.

"Since 1982 Bopec has been operating at 50 % of its capacity. The enormous losses of the past years have resulted in a very tense relationship with our bankers. The unstability of the oil market makes it virtually impossible to give any guarantees with regard to the future. Oil consumption is still declining. "Thus there seems no choice but to cut expenses as much as possible. Asked whether the shareholders would not be willing to help Bopec to bridge the present difficult times Mr. Thijssen points out that they have already invested more than 100 million Antillean guilders in the project. During the past 10 years only 3 % was paid in dividends, which in turn was used to meet the company's financial obligations. ■

GOVERNMENT: PART OF THE SOLUTION.... OR THE PROBLEM?

By Michael Hopkins

The two major blows to the economy of Curaçao, caused by the excess capacity in oil refining and the repeal of the withholding tax in the USA last year, are hardly the fault of the Government in Curaçao, even though the events may have been predictable. It is natural, however, in times of dramatic change to look for scapegoats and the Government has been accused of being part of the problem. How fair is such an observation?

First of all, what do we mean by "The Government" in Curaçao. The Netherlands Antilles is an autonomous part of the Kingdom of the Netherlands, and has a Minister (Plenipotentiary) representing it in the Dutch Cabinet in The Hague. The form of government is parliamentary democracy based on such fundamentals as freedom of association, right to form political parties, freedom of press, freedom of speech etc. There are two levels of government, the Central Government of the Netherlands Antilles and the local Government for each of the island territories. This means that in Curaçao there is an Executive Council (the Bestuurscollege) composed of six Commissioners, who carry out the instructions of the Island Council. This is paralleled at the Central level by an Executive Council (the Executive Cabinet of Ministers) and a legislative Assembly. The Island Executive Council is chaired by the lieutenant Governor (the Gezaghebber) and the Central Executive Council by the Prime Minister.

Normally, one would expect to find the main power in a country concentrated in the hands of the Central Government, and sub-national entities such as regions or local councils to have little power. In 1954, a division of responsibilities between the Central and Island Governments was agreed upon (ERNA — the Island Regulations for the Netherlands Antilles). But the agreement has been undermined, probably because of the geographical nature of the Antilles with 63% of the population living in Curaçao. Consequently, while in 1984 the Central Government had a revenue of 350 million guilders, the Island Government had a re-

venue of 650 million! Spending power alone, therefore, alters the balance of power between Central and Island Government. This makes it far more difficult for the Central Government and its Ministers to influence the allocation of Island expenditures and gives much more power to a sub-national entity than is found in other parts of the world.

If you also take into account the fact that the Island Government of Curaçao employs 4072 people and the Central Government has a civil service of 3072 (both in 1984), you can quickly see that the management of either set of civil servants presents a problem. Further, the Central Government has very little control over the island civil servants and vice versa. This, in practice, has led to the duplication of functions of many services e.g. labour affairs, education, housing, economics, oil. It has also meant that the information between officers advising, say, the Island Executive Council on oil affairs and those advising the Central Cabinet of Ministers has been restricted, because island civil servants have practically no contact with central level civil servants. This may well mean that different advice is given to different levels of government.

A geographical accident has, therefore, contributed to a state of affairs that no-one wants, least of all the Government itself. The unequal balance of power makes it very difficult for the Central Government to make reforms — even if it wants to do so! When Aruba leaves the Antilles, there will be an opportunity for reform. If such a reform is not carried out, around 85% of the Central Government's time (this is because in the Antilles of the five islands, five out of every six Antilleans, i.e. 85% of the population, will live in Curaçao, if emigration patterns have not altered the population distribution compared to the 1981 census) will be allocated to Curaçao, which will also, of course, continue to have its own island government. Reform, when it comes, has to reduce the power of one level of government in favour of another. It will be interesting to see the result, if this is left to a power struggle alone. Both Island and

Central Governments must quickly decide on the separation and consolidation of powers before total chaos is added to an, already, difficult situation.

A post-colonial period?

Nearly all of the English- and Spanish-speaking Caribbean islands are independent and they have all had their post-colonial withdrawal sufferings. These occur because, in the early post independence period, after the euphoria has passed, a country is thrown onto its own talents and resources for the first time. This, after all, is what independence is all about. In government this means that for perhaps the first time highly-placed individuals have major responsibilities. Often they lack the necessary qualifications and experience to cope with the running of a newly-independent nation. Running a small island country is in many respects no easier than managing a large one. This is mainly because colonial masters are not known for their willingness to allow indigenous people to gain the necessary experience in positions of responsibility. A collapse of the economy usually follows. The Netherlands Antilles started replacing the Dutch administration with Antilleans in the 1970s, but has not pursued independence — except for Aruba of course.

The question is whether in spite of a reluctance to become entirely independent the same post-colonial experience is now emerging in the Antilles. There are differences, of course, but considerable more inexperience now exists in key government positions than before the Dutch started to be replaced. This does not mean that the Dutch should be asked to come back, nor does it necessarily imply that a collapse of the economy is about to occur, although there are ominous signs of that.

What it suggests is that the history and experience of post colonialism has not been digested in the Antilles, and that a baptism of fire may have to occur here too!

Do the Antilles have to decline economically in order to give administrators time to learn or can this be avoided? The isolationism of the Antilles is forced upon ▶

them to a certain extent, because they are part of Holland and hence, for example, are unable to join the United Nations or the World Bank. Incidentally the IMF team that annually visits the Antilles comes from the European department of the Fund, not the Latin America and Caribbean department! But this should not stop the Antilles being a member of Caricom or attending international conferences with observer status. One way for the Antilles to learn, and share experiences with other Caribbean island countries, could be to organise an international conference in which each country would present its social and economic problems, and what steps it had tried to conquer them. Perhaps more common problems than had been realised would appear and even suggestions for common and collective solutions.

Responsibility and duplication

One often hears the complaint from Island Government services that the Commissioners on the Executive Council do not consult with them and ignore reports

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that are sent to them. On the other hand, the Commissioners feel that the type of advice they receive is either inappropriate or, when it comes, out of date. The Executive Council's response is often to create new services that they hope will function better than those which already exist. This helps to explain why the Curaçao Holding Company, the Curaçao Tourist Board and even ALM, all government bodies, are each separately promoting tourism. The creation of Korpodeko (Curaçao development corporation) was clearly set up because of dissatisfaction with Curinde (Curaçao Industrial Development). And both act in an arena also shared by Central Government divisions concerned with Industrial Acquisitions and Export Promotion. Unfortunately the net result of all this duplication is: a) increasing difficulty in getting things done because of the creation of similar bodies who all have to be consulted in any decision in their area, b) the talent and competence that exists in government gets spread too thinly as new government services dilute the available talent, c) the Executive Council has even more reports of a similar nature to read and d) civil servants become disillusioned because, with all this duplication, their own importance to the decision takers is diminished.

How did such a situation occur and what can be done about it? As already

mentioned, the duplication between Central and Island Government services will become even more obvious when Aruba achieves its 'status aparte'. The only solution is to weaken one of the levels of government and strengthen the other. Buying power suggests that decision power will end up at the island level, but this should happen through negotiation and not de facto. Unfortunately, the concern of both levels of government with constitutional issues and the economy has put such negotiations on a back burner.

At the island level, duplication came about both because of the post colonial syndrome discussed above, and because of there being too much money about. A politician can get temporary relief from a problem through creating a new service, or inviting a new consulting team (and one does not have to look far to see the duplication there). But, as government revenue falls quickly in the next few years, it will not be possible to create new services and existing ones will have to be rationalized. No longer will the government be able to afford the luxury of expensive foreign consultants, invite new consultants to repeat the work, and then ignore all the work to the frustration of everybody concerned. Examples of this are endless.

A way of improving the flow of information both to the Island Executive


Council and the civil service would be to appoint a permanent secretary to each Commissioner. This secretary should be the best professional on the island in the relevant speciality. His/her job would be head of all the civil services reporting to the Commissioner and would consist of organising the Commissioner's day plus seeing that the most important issues are tackled. Minor issues — involving (say) expenditures of 50,000 NAF or less — should be the responsibility of the permanent secretary (now any item of expenditure of more than NAF 500 has to be signed by a Commissioner). The permanent secretary must *not* belong to a political party and should have a renewable contract of five years. The appointment should be professional, not political. Finally, the permanent secretary must be at the top of the civil service hierarchy i.e. no head of an island civil service should outrank him/her. Such a system should ensure that the Commissioner is not troubled by minor issues, that the civil service is properly run but responsive to elected officials, and that the island services get a proper hearing when important decisions are to be made.

Conclusion

To the question whether government is part of the problem in Curaçao or part of the solution, one has to admit that government has contributed more to the problem than the solution. As argued here, much of this is due to events outside their control, namely the geography that made Curaçao much larger than all the other islands put together and the inheritance of colonialism. On the other hand, a country cannot operate without government. And so it is time for the government to sit down and think how it can be restructured to better serve the people who pay for it and, consequently, better respond to events outside of its control. If this cannot be done, then some hotheads are likely to do it for them. Because of the complexities of administering a group of islands the latter solution would hasten anarchy and despair. ■

NOTE

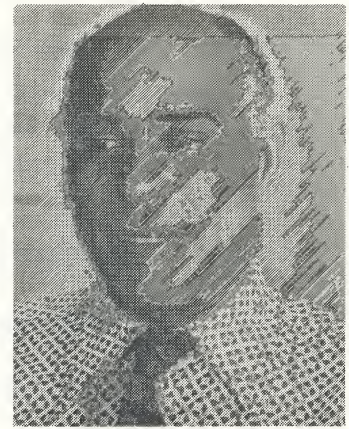
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*Development work on St. Eustatius***REKINDLING THE SPIRIT OF SELF-RELIANCE***P.T.M. Sprockel*

At long last development aid to St. Eustatius may have struck the right cord. Up till now the island's main problem in catching up with developments in the Antilles in general has been of a mental nature, according to the experts. Stadians or rather those of them left behind on the once prosperous but long since impoverished island have great difficulty in breaking free from a depressing feeling of almost complete dependency. A feeling, however, which largely fits the facts and consequently has a paralyzing effect. Unfortunately most of the costly Dutch development aid has done little more than confirm the island's dependency on others. Several projects must moreover be rated failures, which in turn has not exactly helped to lift the downcast spirits.

But a change for the better may be in the offing. Since 1980 Cebemo, an Antillean organization stimulating private development initiatives, has quietly been involved in a 5-year social and educational development programme aimed at rekindling a spirit of self-reliance on the island. The results appear to be encouraging.

Cebemo, a foundation through which Dutch development funds are channelled as an alternative to the government to government co-operation, was founded in the late 1970-s in order to stimulate initiatives at the grassroot level. The foundation has been exceptionally successful in both stimulating and assisting projects run on a voluntary basis. During the past four years more than NAf 10 million found its way to a wide variety of community-building projects on the respective Antillean islands.

"St. Eustatius", says Mr. P.T.M. Sprockel, Cebemo's General Director, "has been given special attention, as we felt that the need on that island is indeed the greatest. A strong accent", he adds,

"was put on securing a high level of local input in terms of energy and willingness to take responsibility." The insight which led to this policy was to a large extent fostered by Mr. M. Krijnsen, who worked on St. Eustatius as a teacher in the early seventies and came back to the island in connection with his doctoral studies at the University of Groningen (Andragogy) in 1980. Mr. Krijnsen who once stated bluntly "that to write or speak about St. Eustatius is to most people a depressing if not despondent activity" feels that the main thrust of development work on the island should be to get 'starter-activities' going which may help to build up a measure of much needed self-confidence.

The development assistance as provided by the Dutch Government and the European Community, he maintains, has resulted in exactly the opposite. In one of his writings he observes that Holland has spent large amounts on improving the island's infrastructure: "Costly roads leading to no-where, were constructed. Low income houses were built on the assumption that the island has a sewage system which it has not! The island was saddled with a NAf. 6 million pier, too high for the local fisherman to be of any use and unsuitable for larger ships because of the currents." Mr. Krijnsen also mentions the infamous case of the new hospital. By-passing Stadian labour needs and local construction methods a NAf. 3 million hospital was erected (75 % paid for by the Dutch), which after an investigation was declared "classified as not safe for use." Writes Krijnsen "one does not need to be a sociologist, psychologist or educationalist to realize what the psychological effect of such projects must be on a small community."

The strength of Cebemo has been that it operates on the principle of decentralized decision-making. Stadians may decide

what is good for Statia. And what the island really needed was an improvement of its housing situation. The latest national census indicated that approximately 30% of all the homes on the island were in need of urgent repair. To meet this need Cebemo proposed to implement a programme which was already being run on Curaçao and Aruba, and which, moreover, appeared to be very much in line with the ideas of Mr. Krijnsen. The so-called 'Drecha Cas Programme' had not only proven to be a very practical answer to a very real need, but also a very successful method to help people regain a basic measure of self-esteem. In fact the programme is very simple in that nothing more is done than providing building materials and voluntary labour assistance to those willing to repair their own house. On this basis no less than 36 homes of people from the lowest income group were repaired. Taking into consideration that the total population of St. Eustatius is only 1200, this amounts to close to 10 % of all the houses on the island. And besides these repairs 5 brand new houses were also built by the families concerned with assistance from the local Lions and Cebemo funds.

The formula appears to be very simple, but does indeed allow people to regain a proper feeling of self-esteem. And once that feeling becomes common property through this kind of 'starter projects', Mr. Krijnsen says, the island will begin to develop itself.

A number of other small projects were conducted in the same manner during the past four years. Most of them have in a modest way been successful and might very well do for the island what it needs most i.e. give back to the people a feeling of confidence about building their own future, even if they are in many respects highly dependent on outside forces. ■

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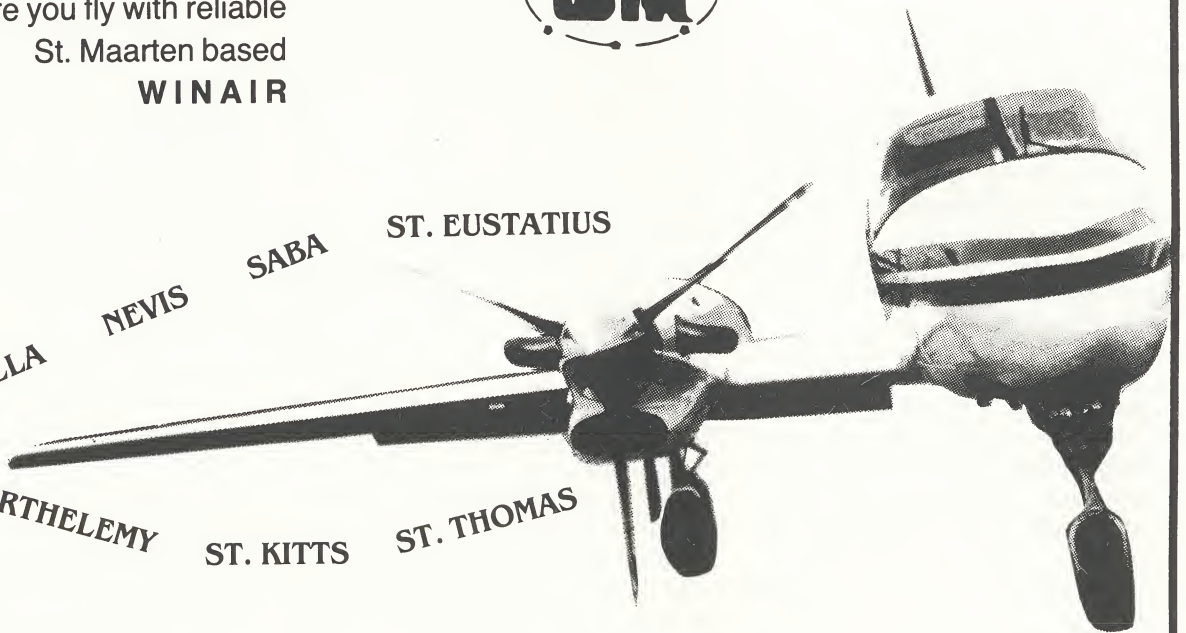
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During the first quarter of 1985 the balance of payments showed a fair surplus of NAf. 37 million, differing little from the outcome a year earlier. The corresponding period in 1983, as well as the last quarter in prosperous 1982, showed a deficit, so that it can be argued that the first three months of the crisis-year '85 have not turned out too unfavourably. There is, however, no reason for jubilation. On an annual basis i.e. comparing the situation with regard to the foreign reserves as per March 31st with that of a year earlier we still see a substantial deficit. (see table 1).

The rapid out-flow occurred in the second half of 1984 and the surplus of the first quarter of 1985 was not sufficient to compensate that development. The entire surplus was anyhow annulled by the NAf. 40 million deficit of last April.

This last mentioned deficit was at the expense of the Central Bank's foreign reserves. The commercial banks on the other hand were able to increase their reserves.

Apparently their liquidity improved significantly in that period and they invested abroad. At the end of March the bank's deposits at the Central Bank amounted to a total of NAf. 49 million (see table 2), on part of which for the sake of strengthening the internal interest level a 5 % interest was offered. This, however, was not deemed attractive enough. The banks preferred to invest abroad, which in view of the economic uncertainty and rumors of devaluation must be called significant.

Balance of payments

The balance of payments indicates some remarkable developments during the first quarter of the year. (see tables 3 and 4). Revenues from profit-taxes and operational costs of the so-called off-shore institutions increased tremendously from NAf. 36 million to NAf. 167 million, which amount to 30 % of all foreign exchange income. Revenues from the oil companies declined to NAf. 90 million, which must be called disappointing. With a view to the large amounts paid out by Lago on the occasion of its closure at the end of March an increase of these revenues might have been expected. After March there will be hardly any more payments from this sector in Aruba. On the contrary oil products will have to be imported, which will have a negative impact on the balance of payments.

Tourism continued its downward trend, Curaçao being the principal victim. Although everyone seems to agree that

the only hope lies with this sector, little to nothing is done to improve its productivity. Both promotion and planning need significant upgrading, while a steady expansion of this sector would help alleviate the employment situation. The service-rendering should be improved considerably, which is principally a matter of management. If adequate measures are taken, tourism might again become a major earner of foreign exchange, at the same time creating employment and bringing in more tax-income.

Money circulation

It is remarkable that the registered out-flow of capital was hardly increased in spite of the earlier mentioned uncertainty with regard to the economy and the rumors concerning wage and price measures, devaluation and other government interventions. The capital flow of the private sector this year even shows an improvement of NAf. 18 million. The im-

pression, however, exists that these figures are undervalued just like a number of other items on the balance of payments. Foreign exchange apparently is no longer automatically deposited in the banks, but kept apart and even traded in the unofficial market.

The volume of this unofficial circulation is not known. Certain is that it is found on all the islands and that its volume differs per island. In St. Maarten the US-dollar circulation has even acquired the position of legal tender. In Aruba the unofficial trade increased substantially, when halfway 1984 uncertainty arose concerning the island's constitutional future. An uncertainty which has only increased since the closure of Lago.

The US-dollar issue

The policy-agreements that led to the formation of the present coalition state that with a view to Aruba's status aparte as per January 1, 1986, a division of property, including the gold and foreign exchange reserves, must take place before that date. After that Aruba will be free to introduce its own currency replacing the Antillean guilder. The same right applies to the Antilles of the Five.

Early this year Aruba broadcasted as its opinion that introducing its own currency was not considered a sensible idea. Following Panama's example the choice would be for the US-dollar. A solution which has distinct advantages for small and open economies and for which from the angle of public finances also a good case can be made.

But Aruba did not long adhere to this point of view. It was apparently realized that in that case there would not be a need for foreign reserves to guarantee the internal money circulation for the simple reason that it would be foreign currency circulating. This might weaken, it was felt, Aruba's position at the negotiations concerning the division of the gold and foreign reserves. Consequently the Arubans changed their mind and revived the original idea of an own Aruban currency, even though by now the introduction on January 1, 1986 might technically no longer be possible.

It should be called regrettable that the idea of adopting the US-dollar was abandoned so quickly. It might have been worthwhile to study the issue more in depth. St. Maarten after all has done very well by this system and it can hardly be

said that the other islands are doing the same economically speaking.

Level of costs

All islands except St. Maarten are witnessing their economies stagnate. Activity is slowing down, firms are closing, spending diminishes, investments are not coming off and unemployment is on the rise. The high wage level is usually pointed at as the main culprit. The level of costs is too high. The competitor is simply cheaper.

Wages have indeed risen steeply during the seventies. In addition the value of the guilder (tied to the US-dollar) has gone up considerably in relation to other currencies. There is no denying that this has influenced the Antilles' competitiveness. But these are not the only reasons for the present stagnation. An economy can reach and maintain a high wage level, if a quality product is being produced with a high rate of efficiency.

Trade, transport, tourism, oil-refining and even the off-shore, all these sectors are being faced with changing circumstances with regard to markets. The level of costs for which there are very obvious solutions at hand, is only part of the problem. What really has to happen is that people will have to learn to work harder and more efficiently to achieve a higher rate of productivity. A process which should be initiated by private enterprise. Management in consultation with the trade-unions ought to be able to improve the zest for work.

The government could facilitate the process by adapting the laws concerned, which might f.i. lead to longer working-hours instead of wage-cuts, changed closing-hours for shops, repeal of the permit system and other utterly superfluous regulations. The impression that the Antillean worker is rather easy-going must in the light of what is seen elsewhere be labelled mistaken. In all enterprises where one finds a low labour motivation there is also evidence to be found of failing management. An observation which is backed up by the fact that in those concerns where one finds capable management the worksphere is usually good, productivity high and service excellent.

Spending

The wage-cut that is presently being advocated is often defended by pointing at

the deficit of the balance of payments. Less spending at home, it is argued, would cause the volume of imports to go down, which in turn would solve the deficit problem. But what should be kept in mind is that in an entirely open economy the level of spending and consequently of importing depends mostly on the capacity to earn foreign exchange.

If less foreign exchange is earned spending will decline and as a result finally also importing. What causes a deficit is when spending is allowed to continue on a high level by means of money creation. This is exactly what the government has been doing during past years. Its growing bill of costs which consists mainly of wages, could no longer be financed from its regular income and had therefore to be financed by monetary means i.e. on credit.

No doubt the government's deficit problem can be tackled by applying a wage-cut, but it might have been wiser to trim the government services to size.

With regard to the deficits of the island territories the following observation should be made. During the fat years of the Lago the island government of Aruba was not in a position to spend all its income. A surplus on the balance of payments showed. A large part of it was deposited with the local banks.

Regrettably the government services were at the same time allowed to grow rather considerably. The increased expenditure of Aruba became of a structural nature. Since last year the high bill of costs could only be met by eating into the

deposited capital, which in turn caused a deficit on the balance of payments. A deficit which appears acceptable as earning preceded it.

It is, however, unfortunate that the spending is of a consumptive nature and has not contributed to improving the employment situation in a structural sense. On top of that the deposited funds have been used up, but the oversized government services will have to be paid. How this expected deficit will be financed will determine the further developments with regard to the balance of payments.

A similar process developed in Curaçao with regard to the windfall profits from the off-shore sector. This source of income has not yet dried up, but the use of it is also of a consumptive nature.

Investments

It has been said many times: only new investments will alleviate the present unemployment problem. The government has failed to use its extra income for productive means. This applies in particular to Aruba and Curaçao. The few available projects were presented to the Netherlands for development assistance. The national government went even as far as to issue bonds for a total of NAf. 124 million, thereby using national savings to finance consumptive expenditures.

Strictly speaking this should not be labelled monetary financing. But it would have been much better for the country's economy, if these savings had been used for productive means. This procedure prevented on the one hand the emergence of a deficit on the balance of payments, but on the other hand prevented also the required measures from being taken. Now that no more savings are available, there is no escaping lowering the wage level.

The government, moreover, does not exactly seem to be the right sector to take care of investing on a large scale except where it concerns education. Job creating investments alleviating the unemployment problem will have to come from the private sector. Free enterprise will have to get the economy moving again. The government will have to take care of creating an investment friendly climate. During the past year, however, hardly any new investing took place. Worse, it seems that even investments for the sake of replacement and renewal of equipment, have not been made. Funds made available by de-

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preciation have been kept liquid. As a result the demand for business credit has all but evaporized. Credit supply by the local banks to the private sector increased with a meagre 2 %, which is too little to indicate a normal economic growth.

This does not mean, however, that Aruba, Bonaire and Curaçao have come to the end of the road. There are still sufficient possibilities. Tourism in particular has significant growth potential just like trade with Venezuela and other countries in the region. An economic agreement e.g. with Venezuela might have a stimulating effect. It should be realised that the rate at which prices go up in Venezuela is much higher than in the Antilles. Consequently it may in the near future become once more highly attractive for the Venezuelans to do their shopping in the Antilles.

The wage measure

The government has not chosen to increase productivity but with a view to its own financial problems for a wage measure. Special is that the wage-cut will be compulsory for the entire society on the Leeward Islands. Why St. Maarten is exempted is not being explained. The measure aims at bringing down wages by 15 % - 25 % as well as interest rates, rents, dividends and tariffs.

The government's intervention is thus quite comprehensive, but nevertheless has the appearance of an ad-hoc measure. No economic vision is offered, which makes it hard to see this serious intervention as part of an overall policy. The compulsory wage measure is not meant, it is said, to improve the viability of the private sector. In fact it should be passed on to the consumer. And if this would prove not to be possible, surplus or extra profits will have to be paid into a government established fund. This seems to imply that the measure is not really directed at improving competitiveness.

This unique enforcement of parting with profits in relation to the 15 % wage cut will cause serious resistance. The hurry in which this measure was drawn up and the little consultation which preceded it are certainly not conducive to fostering the understanding needed.

One may fear that there will indeed be little understanding forthcoming, which could have very serious consequences for sectors like the off-shore. Consequences the government did not have in mind. ■

Table 1. Development foreign exchange reserves (not including gold) f. million

	1981	1982	1983	1984	1985				
					Jan.	Febr.	Mrch.	Apr.	May
Central Bank	244	334	295	212	190	194	225	174	168
Commercial banks	57	58	49	62	81	85	86	95	82
Total	301	392	344	274	271	279	311	269	250
Mutation (relative to former level)	+ 96	+ 91	- 47	- 70	- 3	+ 32	- 42	- 19	
On a yearly basis	+ 96	+ 91	- 47	- 70	- 57	- 73	- 75	- 106	- 8
Since end 1984					- 3	+ 5	+ 37	- 5	- 24

Table 2. Condensed Balancesheet Central Bank f. millions

	1985				
	May	April	Mrch.	Feb.	Jan.
Gold	41	41	41	41	41
Foreign exchange	169	175	226	194	190
Fed. government	110	112	108	109	109
Banks	17	12	2	14	2
Other loans	1	1	1	1	1
Other assets	8	8	7	8	8
Total	346	349	385	367	351
Banknotes	170	177	180	170	163
Tax collection	7	4	5	7	7
Transfer service	7	7	7	7	7
Island governments	10	14	23	35	28
Banks	41	30	49	27	19
Development project	19	25	26	32	35
Other balance	18	20	14	15	15
Other liabilities	10	8	7	10	13
Capital and Reserves	64	64	64	64	64

Table 3. Foreign Exchange earnings f. millions

	1985	1984	1983	1982
Tourism	182	191	212	225
Transportation	55	87	79	99
Oil refining	90	97	70	76
Off-shore sector	167	131	125	85
Other earnings	79	110	88	107
Total	573	616	574	592
Merchandise imports	322	344	408	400
Other payments	170	182	161	155
Net capital outflow	44	48	19	38
Change foreign reserves	37	42	- 14	- 1

**Table 4. Foreign exchange earnings f. millions
(on a yearly basis; per end March)**

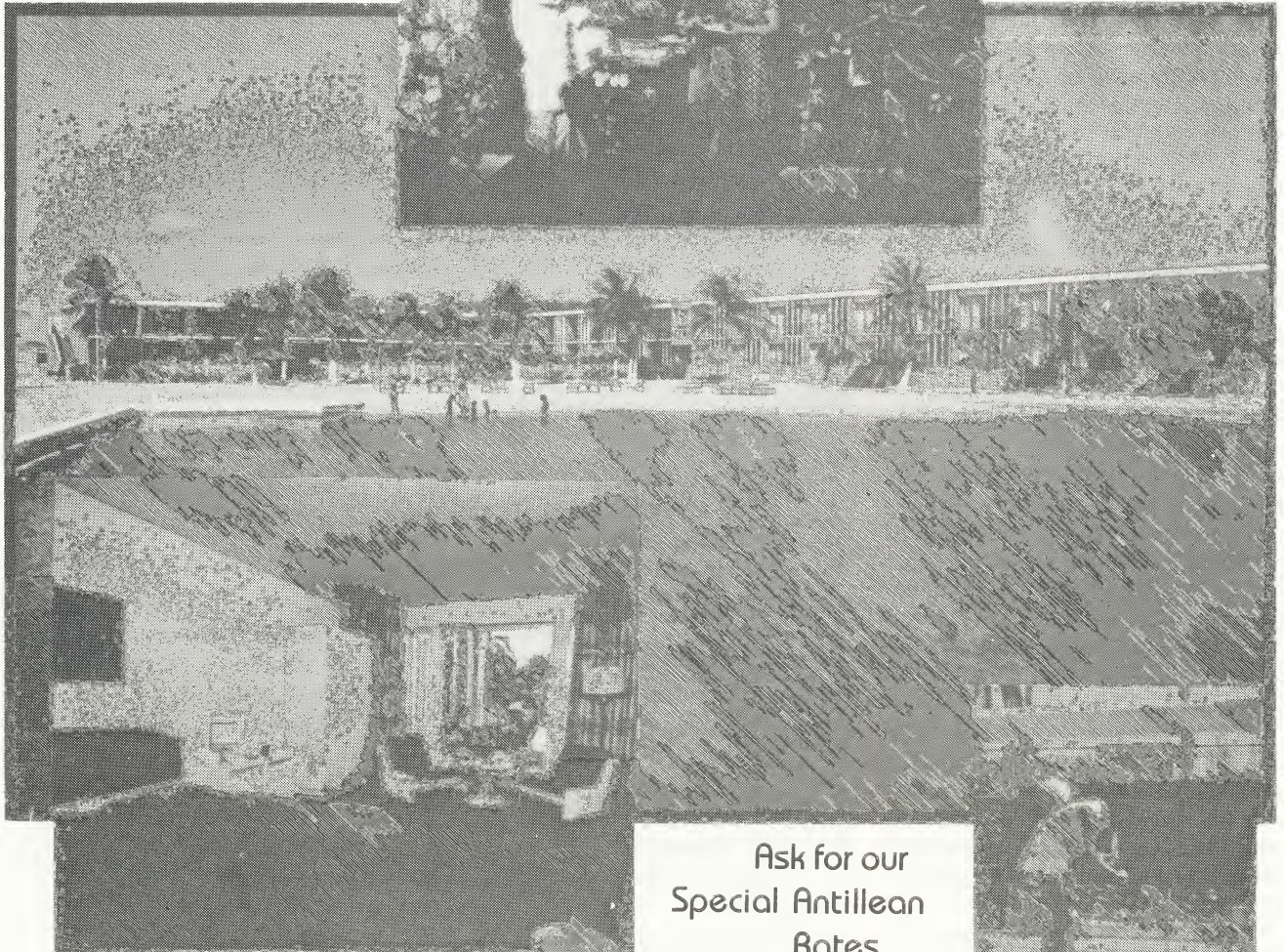
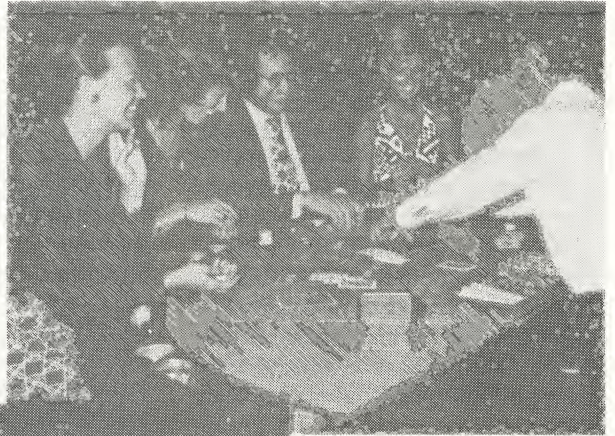
	1984/5	1983/4	1982/3
Tourism	555	556	746
Transport	285	325	357
Oil refining	300	471	507
Off-shore sector	569	525	427
Other earnings	357	380	430
Total	2066	2257	2467
Merchandise imports	1368	1436	1666
Other payments	731	772	709
Net capital outflow	42	40	14
Change foreign reserves	- 75	9	78

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Dutch Approve Tax Amendment

STABILITY OFF-SHORE REASSURED

Early June the Dutch parliament approved a proposed tax amendment to the Kingdom Tax Regulations. The reaction in the Antilles was one of relief. Although the new regulations are less favourable than those in force hitherto, they are generally viewed as reasonable and most important as reassuring for the stability of the industry. The provision that the amendment will be valid for a period of eight years should, it is felt, reinforce international confidence in the Antilles as a reliable financial centre.

The amendment to the BRK (Kingdom Tax Regulations) stipulates that the percentage of taxes on dividends to be paid by limited liability companies, the capital of which is for 25 % or more in Antillean hands, shall be increased in the Netherlands from the prevailing zero tariff to 7.5 %. The percentage to be paid in the Antilles will remain at 2.4 %, when amounts are involved not exceeding Naf. 100,000.— and shall run to 3 % for amounts in excess of that figure. The amendment further entails an amplification of the exchange of information. The President of the Association for the Promotion of Off-shore Interest, Mr. Gerard Smeets declared to be quite satisfied with the Dutch parliament's approval of what he called 'a compromise between parties that had already been reached a year ago'. The agreement that no amendment will be introduced in these regulations in the coming eight years was rated by him and other experts as 'favourable to the off-shore sector'. Said Smeets: "We have had to contend with uncertainty for a long time. This is reflected in the number of new companies that have established themselves in the Antilles during that period. I am happy, therefore, that this uncertainty has now been removed." Possible negative consequences resulting from the amendment's less favourable rates, he said, are still a guess.

ABN's General Manager Minguel Pourier agreed that the increased burden of taxation will have negative consequences, but believes that these will be counterbalanced by other aspects of the regulations. "It is obvious that we shall lose clients, but on the other hand we shall also gain new ones; the fact that an eight year validity period has been fixed, will play an important part", he said. An added advantage, according to Mr. Pourier, is that the conclusion of the negotiations with the Dutch provides the Antilles with a strong basis from which to approach the USA. Negotiations on a new treaty between the Antilles and the USA have been going on for several years. Said Pourier: "we must now, more than ever, make the USA realize that we are a serious negotiating partner; that the good will and willingness, amongst other things to exchange information, are present".

With regard to the issue of exchange of information Mr. Pourier did warn, however, that the Antilles should carefully monitor the actions of the Dutch tax inspectors. "These authorities sometimes have a tendency to see ghosts, where there are none. We are not interested in shady business and are therefore willing to comply with reasonable requests. But we must see to it that as far as the supplying of information goes, matters are not carried too far," Mr. Pourier said.

A remaining uncertain element concerns the application of the regulations with regard to Aruba after the commencement of that island's status aparte. Mr. Betico Croes, Aruba's political leader, has indicated that his island aims at becoming a financial centre.

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The question, according to Mr. Pourier, is whether Aruba will be loyal to the agreement. "The Antilles after all are regarded abroad as one, status aparte or not, he says, implying that one-sided action by Aruba might jeopardize the reputation of the entire Antillean off-shore industry.

Mr. Pourier voiced his great appreciation of the role played by the Dutch Minister for Antillean Affairs, Mr. J. de Koning, during the debates in The Hague. "He really went quite far in defending our interests. Due to his input and the excellent work done by our own representatives, we are now granted room to further develop the off-shore business in good faith," Pourier said. ■

The telephone directory says he is General Managing Director of Maduro & Curiel's Bank. But to most people on the island he is Lajo (Paps), a both trusted and respected friend. For good reasons. Lionel Capriles' concern for people is unmistakably genuine. His public statements are characterized by that rare blend of plain talk and constructive thinking, which appeals to the best in people. When AR sits down with him to discuss the crisis facing the country, it is no different. He is worried, critical and yet hopeful.

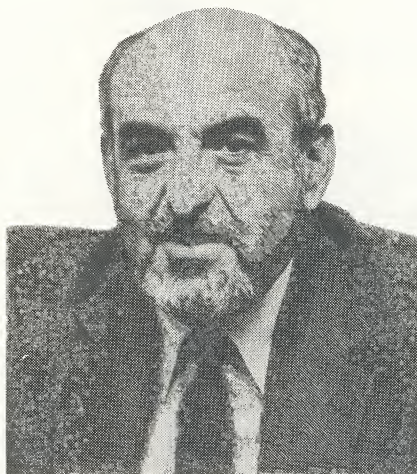
Asked whether his bank is being affected by the economic decline and to what measure Mr. Capriles replies: "In general banks are the last to suffer when a recession occurs. A rule which also applies to the Netherlands Antilles. Up to this moment the banks have been doing reasonably well. This in spite of the closure of Lago and the problems concerning the Shell refinery. In the first instance the lay-off payments took care of a continued money-flow. With regard to the off-shore sector, of which we all know that it will decline, no downward trend has as yet manifested itself.

Where the banks are feeling the impact of the crisis is in the sector of trade and industry. Several of our clients have already been forced to close down their operations. In our case, however, a number of one-time transactions have compensated for the resulting loss of business. Thus while we are feeling the ramifications of the recession, we have not yet witnessed much of a decline of business.

To this I should add a rather important factor. The banks have in the past given an example which unfortunately has not been followed by others, notably the government. During the fat years the banks took care to build up their reserves. A conservative policy, which implied that no large dividends were paid out. Now how much better off would the country be today, if the government had followed the same policy with regard to the windfall tax-income from the off-shore sector of the past years! But I realize that casting a critical eye over our shoulder is today of little use."

We next discuss the prospects for the immediate future. Mr. Capriles reckons that the banks will really start feeling more of the impact of the recession in the next quarter of the year. "the pivotal question", he says, "is what will happen with regard to Shell. A question which concerns all sectors. In the event that Shell would close down, many firms will suffer serious repercussions and the banks will consequently lose a significant volume of business."

Looking closer at the Shell issue, Mr. Capriles remarks: "Here we have, in my opinion, a paradox. The question might be raised whether Curaçao would not be better served by an immediate departure of the multinational. This is arguing from the premise that Shell, if it stays, will do so only for a limited period of



time and in a much reduced form. One should realize that a smaller Shell gradually terminating its operations can be very costly to the community. On the other hand I agree that such a process would provide an opportunity in terms of time to look for a replacement of income and employment generating activities. But the question is whether Curaçao will indeed make proper use of such a grace period. Certain is that we would live under the constant pressure of the impending departure. I rate that a very serious psychological disadvantage. Secondly it would undercut the urge to rebuild the economy. Look at what use we are making of the grace period granted us with regard to the off-shore sector in relation to the US Tax Repeal: virtually none!

If Shell has to leave, it may be better they do so right now. In that case all energy can be devoted to what we can do. I am, moreover, of the opinion that Holland and Venezuela will assist us much more generously in that case than when Shell stays on for a few more years."

Before commenting on the government's austerity measures, Mr. Capriles wishes to make the following preliminary remark. Referring to the opening article (A Glimmer of Hope) in AR's last issue, he says: "I agree to what was written about the birth of a concerned citizen's movement. There has indeed been a remarkable flurry of serious and concerned discussions. But execution has been lacking badly. With all due respect to good intentions. I feel that even the 'kumbre' was little more than cosmetics. The issue of incentives for example was completely ignored.

What we lack is first and foremost visionary leadership. The kind of leaders who inspire the people to reach out and aim high. Who say to the people 'maybe we won't make it, but join me at least in trying to pull ourselves up.'

Mr. Capriles picks up a file with clippings and reads some sentences from a speech by Governor Mario Cuomo of New York. Words which make people realize that they themselves can make the difference. It is that kind of inspiration, he says, we sorely lack.

His reflections on the austerity measures leave no room for misinterpretation. "the timing is wrong and balance is lacking", he declares. "Far too much time has elapsed between the kumbre and the announcement of the measures. At least at the time that the kumbre took place there was a great measure of co-operation and common concern. By waiting too long that spirit lost much of its strength. The first package of measures, moreover, is not very balanced in the sense that no price controlling measures are included. Now I know that some people object to such price control on the grounds that they would be undemocratic. But let me quote Roosevelt who said the he was willing to use unorthodox methods in order to preserve orthodox institutions. In other words, I believe that free enterprise in our country needs a little help to get the prices down."

In general Mr. Capriles sees three advantages in a general wage-cut of 15% as announced by the government. "First of all", he says, "we will become cheaper and therefore more competitive. Secondly the measure will change our reputation of discipline abroad. See how the world reacted to the Dutch and British governments when they had the courage to announce and execute an auster-

BANKERS

ity programme in the recent past. And thirdly it will help to save some foreign exchange — that is if the prices are not going down at the same rate but at something like 3% - 5%. What should be realized, however, is that the entire economy will slow down as a result of these measures. They should therefore be counterbalanced by modern, aggressive but competitive incentives promoting new economic activities.

Mr. Capriles praises Prime-Minister Maria Liberia-Peters for her courage announcing the austerity programme, but is of the opinion that it falls short in several aspects. "It does not open a window to the future", he says. "People wonder what will happen to their 15%. As a result they feel uncertain. This we see clearly reflected in the present investment climate. The loan portfolio is down. The demand both for business and consumer credits has diminished significantly. The same applies to mortgages." The essence of Mr. Capriles' concern is that the measures do not open new horizons, but appear to be exclusively aimed at slowing down the recession. He pleads for a more realistic and at the same time more constructive approach. "We should first of all acknowledge our limitations. We should certainly stop quarreling among ourselves as well as dividing ourselves up in power blocks. What we should do is mount a joint effort to exploit the limited possibilities we have".

He was possibly the most non-political and most respected Minister of State the Netherlands Antilles ever had. When after having served his country for many years as its Minister of Development Co-operation and for a brief period as Prime Minister Mr. Minguel Pourier accepted a leading position at the Algemene Bank Nederland, many had the comfortable feeling that there was at least one truly capable and incorruptable man in the wings upon whom society could call in hours of need. Today five years later chances that he would ever return to public service must be considered remote, but on matters of great national importance his advice is still constantly sought.

In his spacious office offering a beautiful view of the Caribbean sea, Mr. Pourier talks with AR about the economic crisis in his customary unpretentious and businesslike manner.

With regard to the effect of the crisis on his own bank, Mr. Pourier has three observations to make. The first one is remarkably frank. "During the past years business at the ABN has not been what it should be. We found ourselves confronted with a growing number of dubious debtors. This may have been due to slack management on our side. In good times

'de-saving'. The rather aggressive tax-collecting of today does not make it easier for people. In order to pay their dues many are obliged to take out their savings. And as the government happily continues to spend the incoming tax-payments, we may also speak of a process of 'desaving' in the public sector!'

The last remark leads to discussing the economic situation in general. "People must realize", Pourier says, "that we have been living far beyond our means. During the years of economic growth the sky was thought to be the limit. In the late seventies when inflation was



running high the practice of auto-indexation caused the wages to go up and up. That may be possible during a boom period, but now we are stuck with an almost irreversible situation.

As a result we are no longer able to compete on the international market. The high appreciation of the dollar didn't help much either.

The combination of high wages and the Antillean guilder following the dollar led to a high pattern of consumption, bearing no relation to our actual economic potential. For at least five years we have been living far beyond our means and it is this that people must be made aware of. We simply will have to cut our coat according to our cloth!" In this, according to Pourier, the government will have to lead the way. For it is in particular the public sector which has been overspending, he says. "One might say they have been doing so twice over, as the windfall profits of the off-shore have been spent as well".

Consequently he regards the austerity measures as insufficient. "They are only a first step, which will hopefully be of some help, but in the long run there will be no escaping a drastic slimming down of government itself". AR, which has been pleading for this in almost every issue during the past four years, could not agree more.

For three reasons, says Pourier, this will be unavoidable. First of all our economic basis has become too small to support a government of the size we are presently maintaining. It is simply far too big. Irrevocably (and secondly) this will lead to a further aggravation in the civil services, as there will be less work for more people. It should be realized that once status aparte for Aruba is a fact, Curaçao will be saddled with approximately 10,000 civil servants taking care of a considerably reduced workload!"

Mr. Pourier sincerely hopes that the ruling powers will have the courage to revise the system of government and reduce it drastically, when the Antilles of the Five comes into being. Too many layers of government and too large a civil service lead to a crippling inefficiency, he states.

He is therefore of the opinion that a change of mentality on the part of the government is long overdue. They still appear not to realize how serious the situation really is.

Illustrating his plea for a change of mentality he draws a comparison with the private sector. "Take our bank," he says, "we reduced our expenditure on our own initiative and of our own accord. Nobody forced us and we did it on time."

Secondly government should do wise to adopt some of the leading principles of the private sector. Everything and everybody is directed at realizing plans and projects! That in turn implies the availability of proper tools both in technical and human terms. Isn't it a bloody shame that while even the smallest enterprises on the island are by now computerized the government is still performing its administrative tasks manually? As a result it needs a host of workers and is never up to date!" Warming up to his subject Mr. Pourier urges a restoration of discipline in all the ranks of the civil services. The mentality of "we have the power and therefore are not in a hurry", he says, "has pervaded all ranks and should be changed forthwith." Civil services are by definition service rendering institutes and that should be realized afresh". To which Mr. Pourier adds pointedly: "The citizens of the country have a right to be treated in a decent manner!"

And last but not least in this respect private enterprise is seriously hampered in its efforts to improve its own quality of service by this sad failure of the government services."

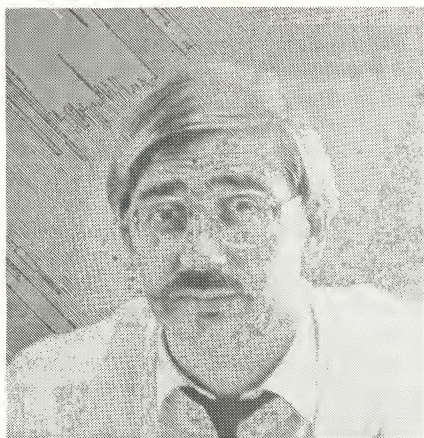
Looking at the future, Mr. Pourier once more stresses what he has said before. "In order to create an attractive climate for investments the government will first of all have to put order to its own house. The overruling imperative is that the size of government has to be cut drastically. Next a budget for the coming five years has to be drawn up, which should include a realistic estimate of the rate at which the income of the government will diminish in that period. Facts and figures must become clear to restore that minimum of confidence that can get the 'economy moving again'.

ON CRISIS

banks tend to be less critical. Today we are footed the bill for that approach. Also we may not have been alert enough with regard to the developments which led to the present crisis. In any case our bank had to absorb a number of serious setbacks."

His second observation indicates a timely return to sound management policies. "We cut our own expenditures drastically. During a boom period the cost-factor is usually not given enough attention. In the past two years budget control has been very stringent, counting in particular the pennies." A policy, Mr. Pourier says, which has been quite successful. The bank at least did not have to resort to laying off of people. "But", he warns, "income continues to decline and there is after all a limit to cost cutting. A bank, moreover, owes it to its customers to remain profitable in order to retain their confidence." "But", he continues, "the fact that we conduct business on several of the Antillean islands has in the past helped to keep an overall acceptable balance. Hopefully this will again be the case."

More general but no less important is Pourier's third observation. "People are becoming very cautious. Credit demand is at a low ebb. As imports are declining, business at the banks is slowing down as well. People, moreover, are saving less. I would even go as far as to say that there is presently a trend of



Banco di Caribe, the shareholders of which are all Antilleans, has been in business for twelve years. During the past three years the bank witnessed a considerable growth. "The present crisis", says its assistant manager H.F.A. van Scharrenburg, "is characterized by a decline in the sectors of the off-shore, tourism and trade."

His bank is primarily oriented on industries which produce for the local market and for export purposes. "At present," he maintains, "business is still good. We are no longer growing, but on the other hand there is no reason to complain". But as savings are down he expects a decline in business to set in soon. Demand for credit, moreover, has dramatically diminished. This observation applies in particular to smaller enterprises. The demand for consumer credit still continues, but the bank has adopted a more careful policy. Also in this respect Mr. van Scharrenburg explains, one cannot speak anymore of growth, only of replacement. He observes that people are still paying their dues on loans promptly, but fears that this may change once the government's intended 15 % measure will be in force.

Mr. van Scharrenburg is of the opinion that external developments have caused the present crisis and that the afore mentioned measure is indeed unavoidable. The daily deteriorating foreign exchange position can only be checked, he says, by lowering the volume of imports in particular, as it is not possible at the moment to develop new means to earn foreign exchange. What worries him is that the proposed measures lack consistency. He had expected the intention of the measure to be an improvement of the investment climate. But now that the government is also proposing to force prices to go down, he fears that little will really change. He too is of the opinion that the question of Shell's to be or not to be is the basic issue. Social unrest, he feels, will not be caused by the 15 % measure, but might very well occur in the case Shell closes down the refinery. "Now that the public is aware of our plight," he declares, "the politicians have an opportunity to act." The very much hoped for prolongation of Shell's activities on the island might tempt the authorities to postpone action on their part, he fears. Something which should not be allowed to happen.

BANKERS ON CRISIS

Although of all the Antillean islands Aruba would seem to be the hardest hit after the closure of Lago, most people on the island itself view the future with quiet confidence. There is no lack of awareness that difficult times lie ahead, but few doubt Aruba's ability to overcome the economic setback caused by EXXON's departure. Says Mr. Brian R. James of the Aruba Bank: "We will grow again. It may never be the same as it was in the days when Lago was here, but we will grow again!" Mr. James points out that the island has "lots of talent" at its disposal and that the point "from which we are starting is what others in the region and South America dream of!" This kind of no-nonsense and yet positive approach seems typical of most Arubans AR recently talked to.

Discussing the present situation from a banker's perspective Mr. James lists a number of problems which need solving at short notice. As the date of 'status aparte' is rapidly coming close, the preparations for an own Central Bank on the island should be speeded up. Perhaps the island government's wavering with regard to what currency it would adopt earlier this year seriously stalled that process. Now it looks as if Aruba will neither have its own money nor a functioning Central Bank available in time. The structure for the bank is theoretically in place, but no staff has as yet been trained for the purpose of running the bank.

Mr. James further explains that of the six banks on the island, four are in fact multinationals. "They are beginning to feel slightly nervous and are assessing the "country-risk" involved. They have their regional head-offices in Curaçao and their main headquarters abroad. What should be realized is that these banks have never been properly capitalized. The question is how do we want to proceed in the future. In the same manner as we have been doing i.e. with undercapitalized branches? This is a very delicate question and we cannot afford to lose these banks. Which in turn means that we have to make them feel comfortable". Mr. James calls this issue one of his major concerns.

He next mentions one of the implications of the transition to status aparte. "What", he asks "will be the reaction of the owners of money? At a certain moment you will have to tell the owner of money

that he owns different money now!" Mr. James wonders whether people are going to accept that and rates it quite conceivable that the banks in Aruba may in the future face tremendous liquidity problems.

The basic question, he says, is whether there will be confidence in the government of Aruba. It is exactly on this vital issue that Mr. James sounds doubtful. The number one reason for the ongoing capital flight is a lack of such confidence. "The trouble is", he says, "that there is no plan for the future and we should at least have a 5-year plan."

The Aruba Bank, of which Mr. James is the assistant general manager, celebrated its 60-est anniversary on the 1st of July of this year. There were no great festivities. In fact the bank looking ahead has already for some time declared a moratorium on the hiring of staff as well as on increasing salaries.

"The volume of business will go down" Mr. James says. Due to the severance payments by Lago the banks have not yet been hit, but this will not take long. In fact many saving accounts have already been lost due to the flight of capital. The ongoing conversion of saving accounts into current accounts is nothing else than a preparation for further capital flight, he explains. Dollars earned in the local (tourist) market are also no longer coming in, which is in fact another form of capital flight.

The expected emmigration of approximately 20 % of the population, although helpful in the short run will hurt the economy in the end. The outbound flow, which started in July with the school holidays, will in the beginning alleviate the unemployment problem, but has as long term consequence that Aruba's economy will become smaller in size. For the banks this means that the volume of business will go down.

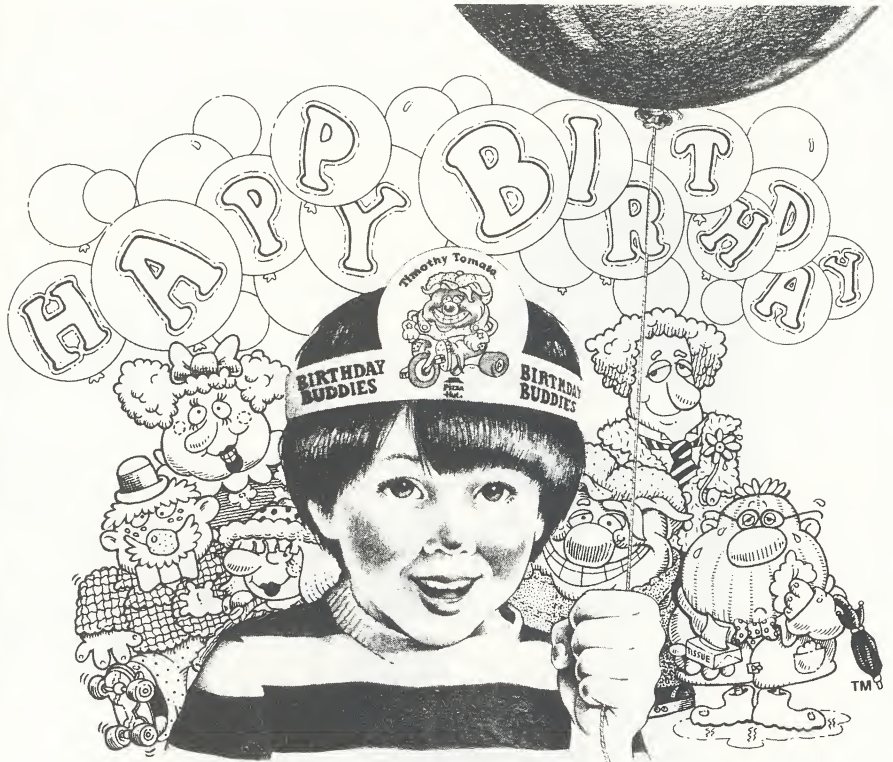
Mr. James is nevertheless optimistic. He first of all points out that banks can do quite alright in tough times. A lesson he learned while working in Michael Manley's Jamaica. Secondly he draws attention to the fact that the closure of Lago did not result in any violence on the island. He calls this unique and promising with regard to Aruba's only growth sector, tourism. He sees plenty of opportunities for Aruba to rebuild its economy, but stresses once more that the key to Aruba's future is whether the people's confidence in the government can be restored. That, he says, is a must!"



If the general mood amongst bankers on Aruba and Curaçao is one of anxiety about the near future, the opposite must be recorded about Sint Maarten. The contrast is indeed remarkable. Says Victor Henriquez, general manager of the Windward Islands Bank: "Here there are no signs of an impending recession. On the contrary!"

In fact Sint Maarten is feeling the impact of the recession on the Leeward islands, but not in a negative way.

An increasing number of businesses are moving their activities away from the ABC-islands to the booming centre of the Windward Islands. The same applies to private accounts. "Saving as well as the demand for credit are strong", declares Henriquez. No wonder. On the French side alone 2500 rooms will be added to the hotel capacity within 12 months. More, it should be realized, than the total capacity of Aruba, which is still one of the most favourite tourist resorts in the Caribbean. St. Maarten is moreover rapidly becoming the principal off-shore centre of the Netherlands Antilles. Also on the Dutch side construction activities are quite impressive. As reported earlier in AR small industries are also moving into St. Maarten, contributing to a welcome diversification of the island's economy. One example: a Dutch pharmaceutical company producing generic medicines, which will produce mainly for export to the United States, is soon to start constructing a factory on the island. An interesting detail in this case is that the company applied for establishment in Curaçao three years ago, but never received any reply to its properly filed application! The example illustrates the difference in approach between the two islands to welcoming foreign



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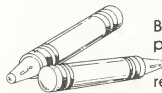
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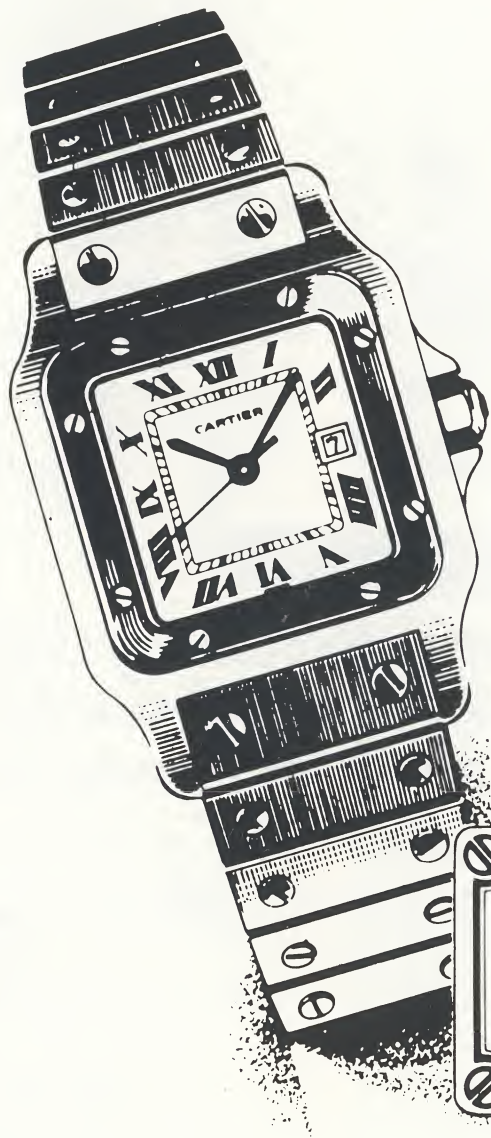
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investors. A difference, observers note, which explains the St. Maarten boom versus the economic decline of once prosperous Curaçao.

Obviously this development is not exactly unfavourable to the banking business of the relatively small island of St. Maarten. The Windward Islands Bank expects to open up a brand new 2 million dollars building early December. Its rather homely and pleasant offices at the pier in the centre of Philipsburg will continue to serve customers for the purpose of cash transactions. Other banks too are improving their services to the public or have done so recently.

New banks, moreover, are moving into the island. Asked for his opinion about the Central Government's intended 15% wage-cut measure, Mr. Henriquez says: "For St. Maarten this does not make sense. The island can easily pay for its own imports." Discussing the general economic situation in the country he states that the Central Government's first imperative is to set order to its own house by bringing back to size its inflated services.

In this respect, it should be noted, there is no difference between the opinion of bankers in the Leeward and those in the Windward island. ■



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ARUBA - CURAÇAO

U.S.-N.A. TREATY ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS

by *Rutsel S.J. Martha*

On June 12, 1981, the United States of America and the Kingdom of the Netherlands signed a treaty at the Hague on Mutual Assistance in Criminal Matters (the Treaty). The application of the Treaty is extended to the territory of the Netherlands Antilles. The Treaty entered into force on September 15, 1981. Each state agreed to undertake to afford each other, upon request and in accordance with the provisions of the Treaty, mutual assistance in criminal investigations and proceedings.

The mutual assistance shall include, but not be limited to: locating persons, serving documents, providing documents, taking records, taking testimony or statements of persons, producing documents, executing requests for search and seizure, and transferring persons in custody for testimonial purposes.

The very fact that the Treaty's application extends to the Netherlands Antilles is deemed important. For it is known that U.S. - Netherlands Antilles relations have sometimes been affected by U.S. concerns about criminal acts taking place in the Antilles and having effects within the U.S. These acts, allegedly, include: laundering of drugs related money, tax-fraud, and violations of the U.S. security markets regulations. At the same time, Netherlands Antilles businesses have always been very reluctant to be cooperative to U.S. criminal investigations. Such cooperation would hamper one of the major points of attraction of the Netherlands Antilles international business center, namely confidentiality. Therefore one is right in expecting that the Treaty will have a central place in U.S. - Netherlands Antilles relations.

However, it is feared that, due to apparent ignorance or lack of interest on the side of the Antilles legislature, the Netherlands Antilles' reputation as a reliable treaty party is about to suffer a major set back.

This Article will discuss the major features of the Treaty and indicate the potential cause of a U.S. dissatisfaction with the Netherlands Antilles, therefore threatening the offshore business in the Antilles.

Major features of the treaty

Assume that Mr. X is under criminal investigation in the U.S. In order to conduct this investigation a testimony is needed from a Netherlands Antilles bank-

er and some documents in possession of an Antillean company.

The Treaty is tailored to deal with this type of needs. It provides that a person from whom evidence is sought shall, if necessary, be compelled by subpoena to appear and testify or produce documents etc. This is an obligation resting on the requested state. It has a duty to execute requests in accordance with its laws and practices, provided that the subject offense is punishable under the laws of both the U.S. and the Netherlands Antilles (double punishability). Moreover, the offense must be punishable by deprivation of liberty for a period exceeding one year. The assistance should be given immediately.

Potential causes of dissatisfaction

Two aspects of the Treaty may cause that the expected assistance cannot be given. These are the requisite that the execution of the request take place in accordance with local laws and practices of the requested state and the condition of double punishability. The fact that the request has to take place in accordance with local laws and practices forms a serious problem in the Netherlands Antilles. The irony is that Netherlands Antilles law knows of no procedure or practice which could be utilized for this purpose. Besides, under Antillean law, no government power can be exercised without such being authorized by an explicit provision in law. Consequently, Antillean authorities lack the necessary legal means to comply with the Treaty obligations. However, in one case decided by the Court in First Instance on January 19, 1984, the judiciary executed a U.S. request without having the appropriate legal basis.

The case has not been appealed. This author is aware of recent strong rejections of local business to cooperate with the Antillean courts, thereby challenging the authority to comply with U.S. requests for assistance. Thus the courts are faced with a dilemma. On the one hand there is

an international obligation and on the other hand there is no legal basis under domestic law to make compliance with such duty possible.

This dilemma is attributable to the legislature, which remained passive in this respect as of the date the Treaty has been signed. It is the duty of the legislature to facilitate the competent authorities with the necessary local means. However, attention is concentrated on issues about the political structure instead. In the meantime a situation is created that might affect the Antilles' credibility adversely in the eyes of its major business relation, the U.S.A.

The second potential cause of dissatisfaction is the requisite of double punishability. Whereas most offenses are punishable in both the U.S. and the Netherlands Antilles, there is one important offense that is only punishable in the U.S. It concerns the offense known as "insider's trading". This delict is defined in Section 10 b of the U.S. Securities Exchange Act and Rules 10 b-5 promulgated pursuant to the same Act.

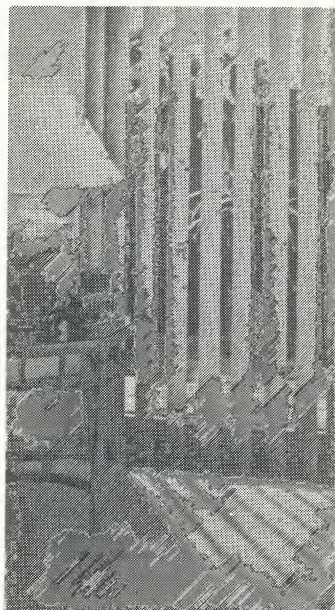
According to these regulations, any person holding relevant undisclosed information about a company is forbidden to take advantage of it through stock transactions detrimental to others who do not have access to the same information.

The Netherlands Antilles law knows of no equivalent offense. Consequently a U.S. request the subject offense of which is "insider's trading" will not be executed. It is not to be excluded that the U.S. will then take recourse to unilateral enforcement techniques, like in the famous Marc Rich case.

The Antillean legislature has to decide whether to make that offence criminal under Antillean law or not. This author humbly submits that in the former case the Antillean legal system will start to become an extension of U.S. law. ■

The author (29) is lecturer in law at the University of the Netherlands Antilles, Law School. He obtained law degrees in both the Netherlands (University of Leyden) and the U.S.A. (Washington College of Law, Wash. D.C.). Although teaching international law and constitutional law his areas of specialization are international economic and financial law. He is a member of several professional organisations, including the Antillean Association of Jurists, The Netherlands International Law Society and the American Society of International Law. His publications include topics such as documentary credits, exchange control, and offshore mining legislation.

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*Enterprising example***WHAT'S WRONG WITH GETTING RICH?***By Nancy Siegenthaler*

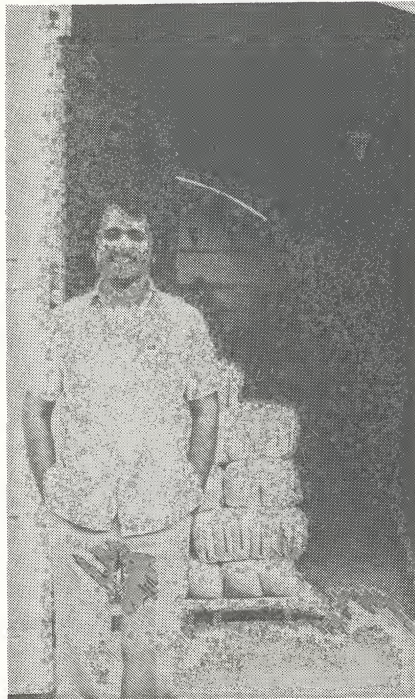
If Turhane Doerga had his way, the sound of heavy machinery in Zeelandia would drown out even the sound of his own laughter. Doerga, a civil engineer and industrial consultant, is busy turning Curaçao into a manufacturing center for things it now imports. In the two years that he's lived on the island, he's managed one manufacture-for-export business out of bankruptcy, lined up investors for two import-substitution factories, sold six rice mills to overseas customers (including Holland and the United States), and together with his part-time engineering staff, investigated another dozen, potential manufacturing concerns.

Doerga's introduction to Curaçao-style industrialization came with the Alesie, N.V., a rice mill which he helped found (see Antillen Review, December 1984). His experience in rice milling began as a small boy on his family's rice plantations in Surinam. Now a major shareholder in the Alesie mill (he owns Nafl. half-a-million shares), he attributes much of its success to the island's readiness to admit it cannot continue importing all of its necessities.

"It started with Alesie --- importers woke up. They said, 'We can't keep consuming--- we must start producing.' Importers understand this," he said, "and distributors also contributed to the project."

Gradually, more and more Curaçao businessmen are becoming investors in import-substitution factories --- partly because of the example set by Doerga, who eagerly invests in initiatives his engineering staff scrutinizes.

One recent example is a future paper-diaper factory (which will produce some existing brands under licence and a cheaper brand for local consumption). It is slated to begin manufacturing in September. After completing a feasibility study of the factory for the island government, Doerga was convinced that its profits could only grow.

**Turhane Doerga**

But the product itself did not conjure up images of a glamorous, high-growth investment, and local businessmen were skeptical --- until they saw the figures.

"Studies have shown that we import Nafl. 3-4 million worth of disposable diapers annually," said Curaçao's Commissioner of Economic Planning, Agustin Diaz.

"The amount of money that's going out for diapers, and --- for everything that we import --- is unbelievable," he said. "So if we can produce a good product on the island, that means that we can cut the amount of dollars that's going out of the country."

Doerga bought a minimum of shares in the company right away, but he was soon joined by importers Hector Henriquez, George Brandao, the Mensing Company, and Mr. Manchi Leyba, an Antillean who produces and exports paper diapers from Venezuela.

Doerga's is the only Curaçao engineering firm making feasibility studies

on proposed factories. They are currently investigating a dozen small-scaled factories, most of which will be privately funded. About half are strictly confidential. The others include an assembly plant for computers, a plastic container factory, an assembly plant for rice and wheat combines (specifically designed for Caribbean soils), a packaging factory and a sawmill. According to Doerga, most of the projects should materialize within nine months.

Three of the feasibility studies --- the sawmill, the plastics factory and the diaper factory --- are funded by the island government's Economic Planning office, which is trying to chip away at unemployment.

"What we're looking for are projects that can be started in six to seven months," said Commissioner Diaz.

"Formally, we used to wait and see if anybody wanted to invest," he said. "But now we have taken the initiative to give incentives and prepare projects (i.e., funding Doerga's feasibility studies) and see if local investors want to participate."

In spite of Diaz's assertions that the island government has a hands-off policy towards business, one recent episode points out a more familiar pattern -- the rescue of the near-bankrupt Delta Screw air-compressor factory.

A joint venture between two Dutch inventors and the U.S. Rovac Pumps Company, Delta was a fully equipped air-compressor factory with a pre-determined (U.S.) export market for what Doerga calls a "dynamite" product.

But the company suffered such abysmal mismanagement that it was nearly bankrupt before the first compressor was off the line. By the time a U.S. patent was awarded in March of this year, Delta was in immediate need of a cash infusion, just to survive. But according to Diaz, neither of Delta's foreign partners came to the rescue.

"At a certain moment the government said, 'Gentlemen, we are running the risk of losing Delta, so the government is going to participate.' We said, 'We'll put Nafl. 200,000,-- on the table.' At the moment that we said that, the investors jumped up and wanted to participate," said Diaz. "At this moment, the original Nafl. 200,000,-- increased to Nafl. 800,000,--"

"I think the local response is positive," said Diaz, "But it takes quite an

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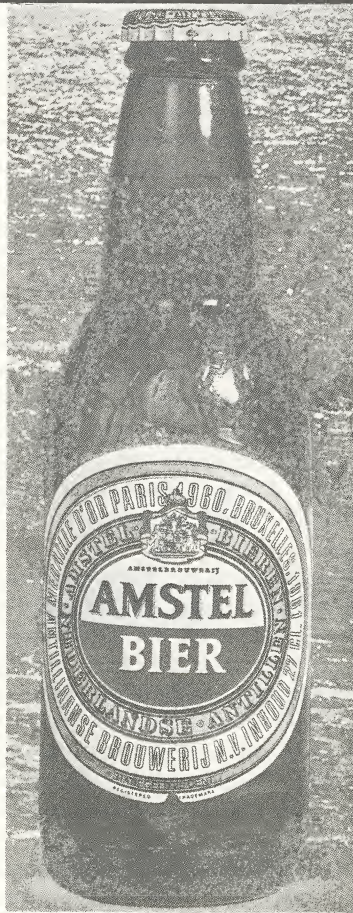
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amount of energy to get it going. The mentality of our people is the easy mentality of buying and selling. And it's a matter of changing the mentality -- in tourism, and -- in industrialization."

The financial backing of Delta now is still "not good", according to Doerga, who is Delta's interim manager.

"But with the way we set it up, it should support itself in a short time," he said. Negotiations are on-going between Delta and potential importers like Venezuela, Brazil, India, Japan and Taiwan.

The island government, in the meantime, is looking straight ahead at economic stagnation in the near future and is certainly not in the position to subsidize other businesses. But in this case, Diaz acted on his faith in the product, in its possible foreign currency earnings, and in Doerga's ability to win local investors. In short, Diaz acted on his faith in Doerga's assessments.

To pull Delta back up on its feet again, and to finance more feasibility studies, Diaz is in effect borrowing against future earnings from a yet-to-be-introduced increase in income taxes, a windfall from offshore taxes, and a new tax on private boat owners.

Diaz also hopes to use the funds (coupled with Development Bank loans to a total of NAfl. 1.25 million) to improve Curaçao's offerings to foreign firms, by offering to pay their employees' social benefits, such as vacation pay, pension and fringe benefits.

"We have to look for new incentives," he said. "We want to give the kick, the push to get things done."

According to Doerga, any pushing or kicking must be felt at home first. Cynical of foreign investors' motives, he eschews usurers and preaches independence of outsiders.

"We have to do it ourselves," he says.

Though the wisdom of his investments within a deteriorating economy will be judged in the future, Doerga's "money speaks louder than words" investments demonstrate his commitment to Curaçao, and his indisputable optimism.

But is Doerga getting rich in the process? -- He laughs.

"Not from the feasibility studies --- maybe from the projects," he said. "If at all possible, I'll invest in all of them. What's wrong with getting rich?" ■

PROGRESS REPORT

INTERNATIONAL TRADE CENTER

Perhaps no other nonexistent building has generated as much press coverage as the Curaçao International Trade Center (ITC). Even before the bids went out on the NAfl. 40 million building, ITC's staff was busy organizing its first event -- a two day, telecommunications conference, which took place in the Concorde Hotel in June.

Telecommunications executives from the Caribbean, North and South America, and from companies like ITT, IBM, Eriksson, CTA, Astex and INTELMAR met for two days to discuss, among other things, how small economies such as the Netherlands Antilles can afford the high-tech advancements in telephone communications. The conference was meant to attract members to the Caribbean Telecommunications Council, and to show off Curaçao as a good place in which to do business.

"The building itself is only one element in the whole mix of services we give," said Herman de Nie, General Manager of the ITC. "You have to offer a service system that makes it attractive for them (businessmen) to come to Curaçao."

De Nie's 'service system' will be on stage again, hosting eight-to-ten more conferences similar to the telecommunications one, before the ITC's offices

and showrooms are ready. According to de Nie, the first phase of the building should be finished in two years.

ITC management has, in the meantime, hired a 'Meeting Planner' in Washington, D.C., who, besides representing Curaçao, lobbies business on behalf of many other destinations as well.

But De Nies said his staff will succeed in attracting the kind of people who matter most to the ITC -- buyers and sellers.

Some overseas sellers, he said, have already told ITC staff that if Curaçao could develop a remedy for the non-transferable currency problems they face in South America and the Caribbean, they would establish in Curaçao immediately, trade building or no trade building. De Nie said local bankers have already been asked to help design a financial package for prospective, overseas traders that would combine necessary financial transfers for unpopular currencies with a counter- and- barter trade service as well.

Service is the ITC's catchword, and if it materialized at all during its first, telecommunications conference, it was apparent in the smiles of the overseas participants.

"That's what we want," said de Nies. "We want participants to come away with a good feeling about what Curaçao can offer them. In the future," he said, "We'll need it and depend on it much more." ■



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Edmond D'Hondt leaves EEC and Antilles

A FAREWELL WITH MIXED FEELINGS

Genuine affection shows when discussing the Netherlands Antilles. Subtle criticism marks his observations with regard to the process of development co-operation. Having served as the European Community's man in the Antilles for three years Edmond D'Hondt is about to leave for West Germany, his home country. He has opted to return to his original base, the Federal Ministry for Economic Co-operation in Bonn.

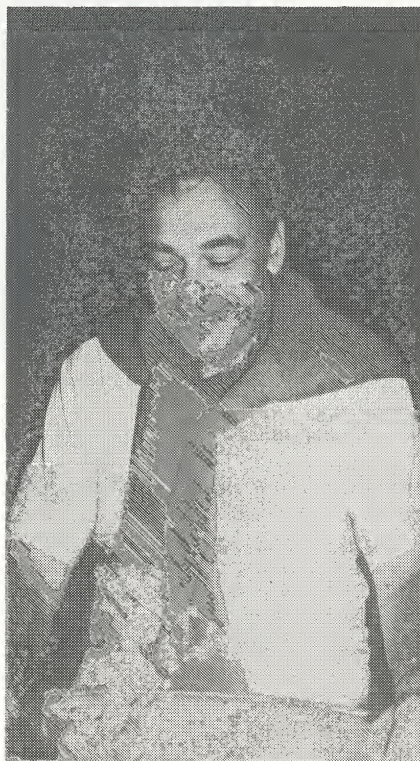
A decision which does not reflect his sentiments with regard to his Antillean years, but seems to indicate disenchantment with the "gap between theory and practice of development co-operation". Significantly, Mr. D'Hondt has applied for the posting as Head of the Research Department of his Ministry. At the centre of his concern is the question, how to bring practice in line with theory and vice-versa.

Discussing his decision to leave the EEC and consequently the Netherlands Antilles with AR, Mr. D'Hondt made the following observations.

On his decision.

We - my wife and I - have of our own accord chosen to return to our home-base. We have done so with very mixed feelings. First of all because our years in the Antilles have been most pleasant as well as interesting and instructive. The position as Delegate of the Commission of European Communities is in principle highly challenging. This in particular because of the interpretation I myself give to that position. In my opinion the primary task is to keep a permanent dialogue going in two directions: on the one hand with the local partners, on the other hand with the headquarters in Brussels. One might call it a marriage-brokerage between general strategies and specific local human situations. But my impression is that this view has not always been shared by everybody. What is realized too little is that also the so-called donor countries and organizations have still much to learn from their partners. We talk - and complain - about the lack of absorptive capacity in the developing countries, but what about our own?

What has also influenced my decision in no small measure are the problems I have always had with bureaucracy in my career. Administrative bodies have a tendency to become a goal in themselves. Civil servants often forget that they are paid by the community to render a service to the community. The bigger the admini-



nistrative apparatus, the bigger the evil.

On his Antillean years.

Our personal impressions are almost entirely positive. We found the people on the different islands to be very friendly, hospitable and certainly not so artificially hectic as people in other parts of the globe, who often are still inclined to consider themselves the centre of the world. Intelligence, openmindedness, sense for harmony and friendly dignity are some of the outstanding characteristics of this great people in this small country. We also discovered that Antilleans are much more capable than they generally believe themselves to be. In that respect I like to suggest that the media should adopt a more positive approach with regard to their own people and country than they display at present!

On the co-operation EEC - Antilles

During my stay here I have witnessed some progress in the relationship between the EEC

and the Antilles. A series of meetings between Antillean and EEC authorities even at the highest level may illustrate this observation. I am particularly satisfied with the fact that mutual understanding is increasing in the field of trade co-operation and with regard to specific constraints in the Netherlands Antilles to take advantage of the EEC's preferential rulings.

Besides this important matter, concrete co-operation has been improved, which is largely due to the constructive spirit which prevails in the relations between the Antillean authorities and more in particular the Department for Development Co-operation (DEPOS) and the Delegation. In this context I should also mention the good support at the Delegation itself from both my Antillean and European colleagues.

But this is not to say that I am content. Far from it! I had expected a much larger programme to be realized. I am particularly disappointed that no substantial projects could be completed in Curaçao and Aruba. On the other hand the basis for such projects was laid as the result of a great number of fruitful talks and negotiations. Hopefully these plans will be implemented soon.

In Curaçao they concern the construction of a new slaughterhouse as well as a substantial EEC involvement in the restoration of the inner-city of Willemstad and possibly also a contribution to making the Rif more attractive for tourists and the local population.

In Aruba the improvement of the airport's facilities in particular of the navigation aids is envisaged. Furthermore an EEC contribution is being discussed to promote the implementation of the so-called Sasaki plan, which aims at making areas free for the extension of existing hotels and the construction of new hotels. A 'must' after the closure of Lago!

As to the smaller islands I am fortunately able to mention a series of projects being in the process of implementation.

In Bonaire we are co-financing (with the island government) the improvement of the tracks in the National park 'Washington'. As soon as these works are finished, the access road to the park - from the village of Rincon - will get an asphalt cover. Besides that we have been financing over the last four years a large promotional campaign to attract more tourists to Bonaire.

As you know, the extension of the airport facilities in St. Maarten (see AR, vol.4, no.2) is by now well advanced. This project is of tremendous importance not only for St. Maarten but also for the neighbouring islands. The construction of a new meteo-building at the airport will soon commence.

In Saba a new multi-purpose crane was recently taken into operation at the island's small harbour Fort Bay. An important step to make the island more self supporting. Apart from this a promotional campaign to attract more

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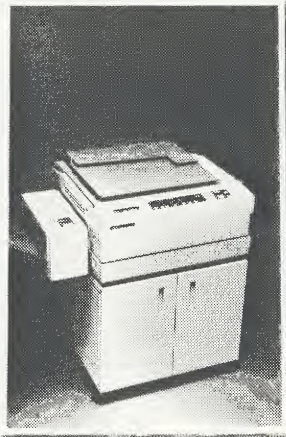
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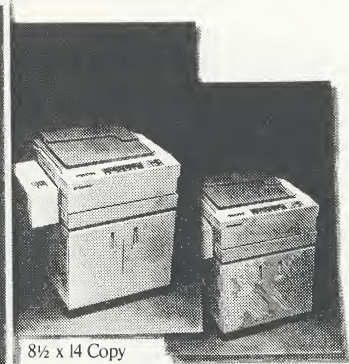
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visitors to the island is in full swing. A similar campaign to boost tourism has recently been started for St Eustatius. Co-financing the extension of the airport is being considered.

In addition a number of projects which serve the development of the Netherlands Antilles as a whole should be mentioned.

— First of all the close co-operation we have had with the Development Bank of the Netherlands Antilles from the very beginning, including technical assistance, a loan of the European Investment Bank and a credit-line to stimulate activities in the agrarian sector. With a view to Aruba's upcoming 'status aparte' a similar kind of co-operation with the Development Bank of Aruba has been provided for.

— A multi-annual training programme including scholarships both for study and practical training in the Antilles and abroad as well as ad hoc courses and seminars.

— Three projects which were recently completed concerned technical assistance in the field of:

- a. export promotion
- b. industrial promotion and
- c. development planning for the smaller islands.

Last but not least the technical co-operation with the national carrier ALM which I consider most successful.

Besides these national projects I should not forget to mention a number of regionally oriented projects:

— An interesting study was recently completed to find out how the shipping connections between the islands and those within the

surrounding region could or should be improved.

— an all Caribbean programme to improve perinatal care was signed last month.

— several other regional projects are under consideration, i.e. co-operation between airlines in the region or training in the field of civil aviation.

To be complete, let me finally mention that initiatives taken in order to intensify the financial cooperation between the European Investment Bank at Luxemburg and the Antilles seem to be successful. After the latest appraisal mission of an EIB team on the Antilles in June, I expect the signing of a cofinancing contract before the end of the year.

Likewise, we have been looking for means of cooperation between the EEC and Cede Antiyas, the Antillean Foundation which seeks to stimulate and assist private development efforts. I hope that also in this field a contract will be signed in the near future. I would be very happy about that, because we have neglected so far to get in touch with the poorest section of the population.

Development cooperation in general

Questioned about his views on development cooperation in more general terms, Edmond D'Hondt made the following remarks: It is not easy to comment on that very complicated matter in the frame of this interview.

As you know, the opinions on usefulness, necessity, methods and results of development cooperation vary from extremely positive to extremely negative. As usual, the truth will be somewhere in the middle. Personally, I witnessed bad and good examples. Our coop-

eration with the Netherlands Antilles belongs to the good examples.

The great majority of the projects we financed or cofinanced in this country met a real need, are thus useful and well maintained.

Coming back to the principles: Personally, I have serious difficulties to accept a collective historical responsibility. On the other hand, we cannot close our eyes when confronted with still existing effects of historical developments. The Caribbean Basin is a good example for that. Besides that, there are a series of reasons which in my view justify development cooperation. For example:

— international solidarity or if you prefer worldwide social correction of the effects of an extreme liberalism.

— further: the necessity to reduce the disparities in development between the so called industrialized and developing countries, which cause tensions and conflicts and thus threaten peace.

— And finally, we should not forget that a strengthening of the "Third World" is also in our own economic interest.

But development cooperation should not be misused to politically interfere in internal matters, although I must concede that cooperation based on coresponsibility constitutes interference, but that is an influence I can live with, hopefully our partners too.

In my view the most essential thing is mutual knowledge, understanding and respect, without which cooperation can never succeed.

The final aim of development cooperation should be to help put our partners on their own feet, but in the way THEY want to stand on their own feet and giving them a fair chance to really cooperate in all fields, including trade ■

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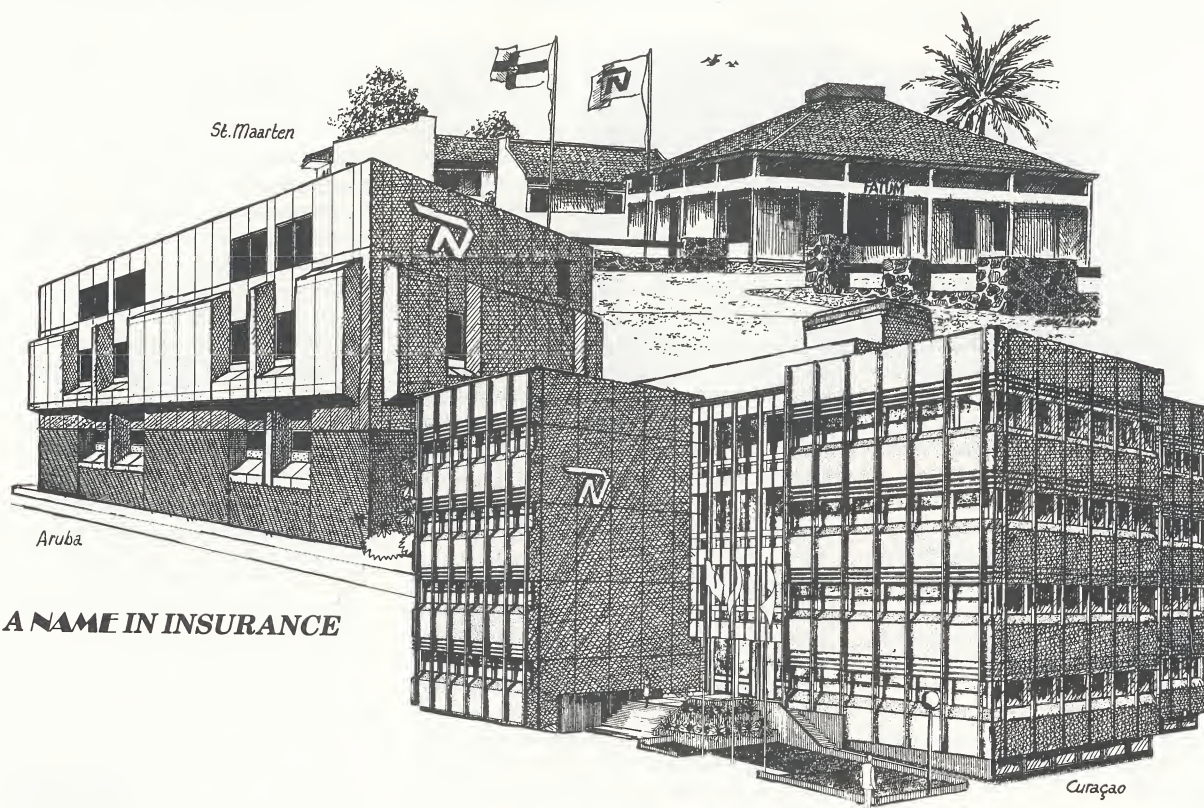
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Aruba's Captains of Tourism:

EXPANSION AND DIFFERENTIATION KEYWORDS FOR FUTURE ADVANCE

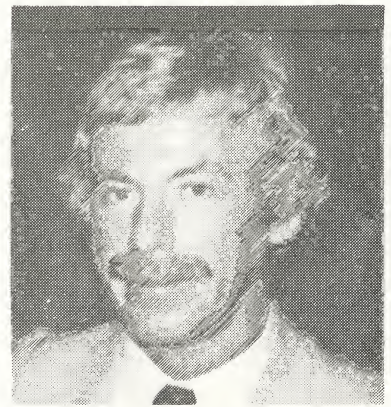
If anyone might consider Aruba's having to fall back on tourism as its main source of income problematic, not so the captains of that industry on the island itself. Confirms Mr. Jan de Ruyter of Holiday Inn: "I am full hundred percent optimistic." Himself a Dutchman he adds; "I know the Aruban mentality and it assures me that on this island we can live from one source of income, in particular if that source is tourism".

In any case the industry has needed no prompting to step into the void created by Lago's closure. Mr. Harold Malmberg of Palm Tours makes a quick mental trip along the row of Aruban hotels, most of which are situated along a several miles long white beach. Holiday Inn, a 400 room high-rise hotel, will double its capacity during the following two seasons. Playa Linda, a time-sharing resort, will add another 100 to 150 rooms to its present attractive premises. The complete renovation of the Aruba Caribbean, the island's oldest hotel, should start within weeks. A renovation which will also imply an increase of the hotel's capacity from 200 to 400 rooms. Plans exist to add another 200 rooms to the Palm Beach hotel, but no confirmation has yet been published. An Argentine group has shown interest to build a hotel next to the Concorde Hotel, which would again add several hundred rooms to Aruba's total capacity. Manchebo Beach is also planning the addition of another 100 rooms. Close to the Aruba Beach Club and belonging to the same owners Casa del Mar with 150 rooms will soon be opened. The Divi-Divi Hotel will start construction on a 100 rooms addition before the end of the year and the so-called Dutch Village of the same concern (Divi-Hotels) will increase the island's total with yet another 150 rooms.

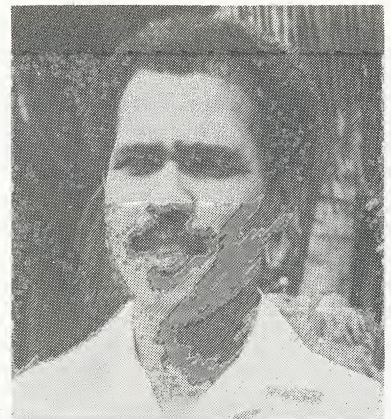
A first implication of this acceleration in construction is that it will help to bring

back the unemployment figure to normal proportions. What it will not do, however, is increase the island government's income. Thus a growth of the tourism sector will not in all aspects replace the Lago. Reducing the size of the government's services is therefore unavoidable. It may be expected, according to Mr. de Ruyter, that private enterprise will take over a number of the services the government is presently supplying.

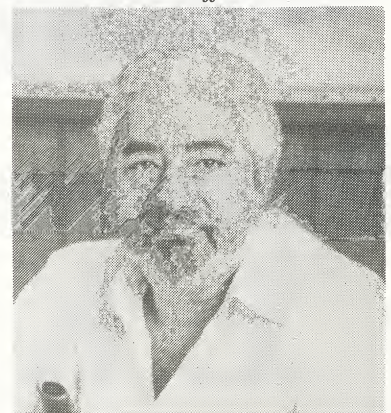
When the question of marketing is raised there appears to be no lack of ideas either. Here differentiation or diversification is the key word. Presently all the hotels cater to approximately the same type of tourist. Says Mr. de Ruyter: "we do not need anymore Holiday Inns on the island, but rather something like the Princess hotels", meaning that the island's product should include the more luxurious type of hotel as well. "But", says Mr. Gerrit Griffith director of operations at Divi-Hotels, "that will ask for a substantial upgrading of our product". His own concern has contributed to that purpose in no small measure by building the Alhambra casino and an entertainment centre, which will be opened before the new season. But what Aruba is sorely lacking is that facility most favourite with the affluent American: the golf course. Mr. Malmberg checked this matter with travel agents in the USA and is absolutely convinced that without a golf course Aruba will limit its growth potential severely. A chain like the Princess Hotels will not even consider coming to Aruba, if such a facility is not guaranteed. The cost of maintenance of a proper golf course has already been assured, Mr. de Ruyter tells AR, but how to raise the funds for the initial construction is still a pressing question. The island government no longer has the funds available. Holland may not recognize the project as eligible for development aid. Among the Dutch golf is still



Jan de Ruyter



Gerrit Griffith



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being regarded as an elite sport. One possibility might be to develop a villa park, which would consist of mansions scattered around a golf course. The idea is being looked into, which proves that the Arubans will consider any feasible plan to get their island on its feet again.

Diversifying the product also would, it was said, imply gearing the island to the European public by building the kind of hotels required by that market. As an increasing number of Americans and Canadians are spending the coldest months of the year in Aruba, thoughts are also harboured of creating a special kind of village for that purpose out of Colorado, the lovely developed living compound of Lago on the southern tip of the island.

The question of marketing Aruba is, according to the Ruyter, as much a matter of developing the island's product as moving into new geographical markets in the USA. Within one area there are obviously several markets and Aruba is clearly intent on reaching those.

Asked whether the closure of Lago has affected the tourism industry at all, Mr. Griffith observes that the number of job applications has increased considerably.

He tells that his own hotel has offered Lago technicians the opportunity to present his management with cost saving procedures. This approach has provided the hotel a more economic operation and several people a permanent job. The example is followed by others. Says Mr. de Ruyter: "the advantage of employing ex-Lago people is that they take a fresh look at our operation and often come up with very sensible ideas." This flexible approach of the captains of tourism to their own industry may well be one of the main reasons of Aruba's continued success. Occupancy rates during the first 5 months of the year show for most hotels figures in the nineties and high eighties.

As these figures spell good news for Aruba in general, it is hoped that the government will define its policies in this respect with the utmost care. A 15 % measure would seriously impair the industry as

many workers in the hotels are already on a part-time basis. It is on the contrary felt that the government ought to assist the industry by removing import duties on furniture etc. needed for the refurbishment of the hotels. The duties were levied as part of the policy protecting local industry. But no local manufacturer can supply the hotels with the required volume of goods needed to upgrade the rooms.

The conclusion one has to draw after talking to the above mentioned people (and several others) on Aruba is that the present crisis is seen more as a challenge than a disastrous setback! Says Mr. Malmberg: "When in 1956 the Lago started a process of automatization and many people were laid off, tourism was started as an alternative. And it appeared possible to keep our heads above water.

Well there is no reason why we should not be able to make a success of it again. All it needs is a change of approach, of thinking!" ■

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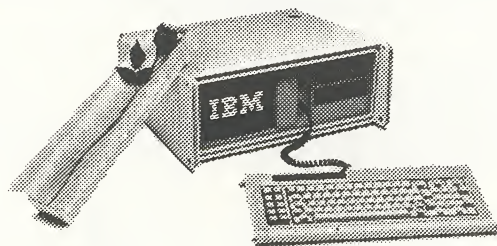
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In August 1635 "de Salm" sailing up the Anna Baai brought to Curaçao its first attorney-general, weapons and munition, building materials, sixty fresh soldiers and its first clergyman: the calvinist Fredericus Vitteus. His arrival in the new Dutch colony signified the establishment of the second Dutch Reformed Church in the Western hemisphere. The thrifty calvinist merchants from Holland, whose eagerness to make a profit was amply matched by their religious zealotry, had founded their first congregation in these parts of the world in New Amsterdam in 1624. Upon the news that Johannes van Walbeeck had occupied Curaçao in 1634 they wasted no time in sending a representative of their staunch faith to the newly acquired territory. Today, 350 years later, protestantism, though far less staunch and very much a minority church on the island, is still very visibly present if only because of its monumental Fortchurch dominating the very heart of Willemstad.

During most of its existence the United Protestant Church - 'united' after it fused with the Lutheran congregation in 1825 - found its members almost exclusively among the ruling whites, so much so that the term 'protestant blancu' begot a distinct social connotation. It is still being used to designate the older white families on the island, most of which have long since lost interest in the church as a community of faith. Nevertheless many of them still regard the protestant church as a kind of social property. In fact much has changed during this century. The arrival of Shell in the early twenties brought many different kinds of non-catholic believers to Curaçao. Anglicans and Methodists came from the English speaking Caribbean, while Suriname immigrants brought the Moravian church to the island. During the second half of this century evangelical movements and sectarian churches originating in the United States found fertile soil in the lower middle classes, hungry for simple discipline and career-making. These developments had a profound influence on the old estab-



lished Protestant church. Even though public opinion still looked upon it as a last bastion of the indigeneous white elite, it became in fact a community reflecting the entire spectrum of Antillean society. During the late sixties and early seventies the United Protestant Church representing only 10 % of the population nevertheless took the lead both with regard to conscientization in general and the ecumenical movement in particular.

For a variety of reasons the expected breakthrough to a distinct Antillean type of protestantism did not, however, materialize. The old protestant families, which in former generations contributed in no small measure to the cultural and spiritual life of the island, let the proffered opportunity to be once more constructively involved pass by. A recent merger with the only (entirely) Dutch 'Gereformeerde Kerk' seemingly solved some financial and leadership problems, but did on the other hand significantly slow down the Antilleanization of the church.

The celebrations of the 350th anniversary of the church in August may, however, prove to be exactly the kind of stimulus the protestant community needs to assure itself of a viable future. Says Mr. Japa Beaujon, a widely respected personality in the Antilles and active church member: "Many of our older members have indeed not understood the evolution which took place in our church during the

past decennia. Numbers, moreover, have gone down. But this is nothing new. History goes in circles and the wheels need a little push to start turning again". Mr. Beaujon believes that this historical occasion could do much to motivate both the young and the old. The demand for spiritual inspiration, he feels, will increase now that life is becoming more difficult because of the serious economic problems the country is facing. The church should in turn face up to its responsibility and offer that inspiration, Mr. Beaujon says. For that purpose an extensive programme has been planned to mark the anniversary. On August 25 a commemorative service will be held in the Fortkerk. A youth conference will soon afterwards take place and on October 31 a panel with guests from the Caribbean will discuss the topic "Protestantism and the future". Radio and TV programmes will be broadcast, intent on fostering a new awareness of the role the church has to play in modern society.

Significant too are the efforts of the relatively small protestant community to restore the more than 200 year old Fortkerk, one of the most beautiful buildings on the island. Also in this respect the United Protestant Church is clearly not shrinking back from the responsibility it has toward both the past and the entire Curaçao community. ■



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OLDEST CARIBBEANS UNEARTHED

By D.A. van der Pol

KLEIN ST. MICHEL - The oldest human remains found in the Caribbean to date have recently been discovered at St. Michielsberg in Curaçao. Positive carbon dating results confirm the age of shells found in close association with the remains to be nearly 4,000 years old. Specifically, the *Pecten ziczac* sp. was dated at 3,790 with a 50 year variant. The *Anadora notibilis* sp. logged in at 3,820 with a 65 year variant. The remains are those of an early archaic age extended family group. (In Judaeo Christian reckoning, this would make these people contemporaries of Abraham.)

Convinced of their antiquity, the Antillean Archaeological and Anthropological Institute, including J. Havisier Jr., an American archaeologist at the AAINA, as chief investigator, had found that the site at St. Michielsberg showed no evidence of pottery or ceramics of any kind. They pointed to the fact that two kinds of shells and shell tools found at the site are of species which have been found in relationship to the early archaic period elsewhere on the North Coast of South America and were rarely found at a later date. These are the *Pecten* sp. (scallop) shell and the *Melongena* sp. or crown conch. Another clue was the style of the tools, made of ground shells and ground or chipped stone, especially a crude plano-convex scraper which has been identified with the earliest archaic period in Venezuela. The fourth indication was that at a site on the island at Rooi Rincon, artifacts of the types found at St. Michielsberg have been found and carbon dated in five instances to 4,000 years.

Remains

The remains themselves are four fully articulated skeletons of humans who lived near the burial site at St. Michielsberg. An expert in physical anthropology, Dr. J. Tacoma of the University of Utrecht in the Netherlands, came to Curaçao last January to judge the skeletons' sex and other distinguishing characteristics. He was able to identify one as a juvenile, probably a boy. Another was a mature woman; a third, a full-grown man. The fourth

skeleton has not yet been identified. One telling trait emerged, however. The jaw muscles were unusually well developed. In fact, sympathetic bone tissue had developed to support the muscle. This indicates concentrated chewing activity, perhaps of skins as in other archaic cultures.

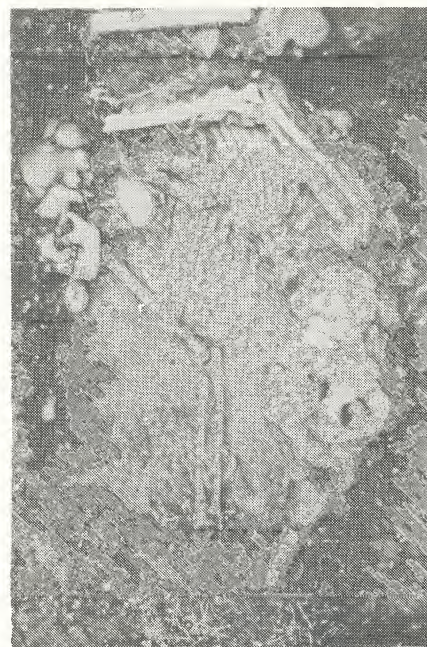
Trash heap

The site is on the side of a steep hill, the St. Michielsberg. Three main activity centers have been identified within a five hectare area. The settlement seems to have consisted of a living area, a refuse area and a seashore area. The inhabitants were hunters and gatherers. Their diet appears to have consisted of fish, seal, land crabs, tiny snails (found in extreme profusion), iguana, a land mammal - possibly deer -, chitons which they scraped off the tidal rocks, turtles and rodents.

A large pectoral bone has been identified by the Dutch paleontologist, Dr. Bosscha Erdbrink, as a manatee bone. The manatee is no longer found in the vicinity of Curaçao. The remains of their meals were found in the trash heap, but the tools had been left in the living area.

Craftsmen

The inhabitants of the site were familiar with fire. They knew that flint that had been thrust into the flame would be easier to work with. Most of their tools were of basalt, but many were of flint, shell and fishbone. Coral artifacts suggest that



woodworking was also practised. Wood tools must have been very important to them. Large fishbones, which at other sites were used as spears, were found at St. Michielsberg, although no confirming evidence has yet been found that these bones were used in the same way. The picture that emerges is of a community of sea-oriented hunters and gatherers.

Living room - spectacular view

The living area, a shallow rock shelter, faces east on a 30 degrees vertical slope, giving poor shelter from the rain, but is cool, breezy and strategically situated. The inhabitants of St. Michielsberg had the advantage of a spectacular view. They could spot approaching game and indeed see all the way to the other end of the island. Standing on the site today you can see clear away to the St. Christoffel Mountain National Park near the dig at Wacao, where a later ceramic age culture



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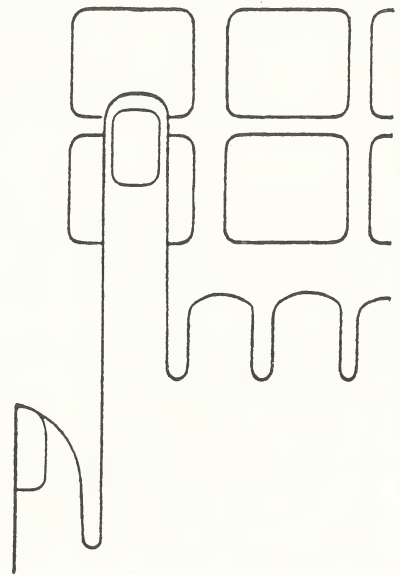
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has been discovered, or across to the neighboring plantation of Malpais, where an original fresh water source has been found. Because the archaic age climate differed from the present one, other fresh water sources may have been closer at hand. The rocks on the hillside itself could have held fresh water from rainfall. In any case, the water table was higher than it is today and archaeologists suggest that it could have been accessible by means of crude digging tools.

From St. Michielsberg returning hunters might have been seen bearing game up to the rock shelter or carrying flint in bags of skins from a quarry which is still to be discovered. One of these suppositions, at least, has been substantiated. The flint used at St. Michielsberg had already been stripped of the unusable outer layer, making it lighter to carry and showing that the early inhabitants knew just which part of it was useful. Apparently, they did not mind carrying heavy game and water for long distances. Just reaching their habitat at 200' elevation is a test of fitness for modern man.

Burial markers

These human skeletons found at St. Michielsberg are of extreme significance to the understanding of archaic age Caribbean burial practices as well as pathological and genetic characteristics of the archaic peoples. The remains were found in the area identified as the trash area. But they were not just discarded as refuse. Shallow holes were dug and the bodies were placed in them and covered with heavy rocks. Other rocks were placed at the edge of the graves, indicating a burial pattern of which archaeologists were heretofore unaware. The remains of one were found in the classic foetal position, one hand under the head, another in the curvature of the body by the abdomen. At least one of the others appears to have been dislodged from the original burial place and out of its original posture.

Landslide

Piecing together the story it was found that an existing geological study tells of a major catastrophic landslide which occurred less than 10,000 years ago. At that time about a square kilometer of land disappeared into Caracas Bay. Divers at Curaçao's huge Underwater National Park are able to see the path it left by dive site 7 at the mouth of the bay to the west and by dive site 8 at the eastern side of the



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bay. The geologists' report states that the landslide could have been seen by Indian observers. It was big enough to have caused vibrations across the island. The St. Michielsberg site also shows evidence of a slide. In this case it was an approximate space of 30 square meters which was affected. It is probable that the ancient slide may be the reason for the dislocation of at least one of the skeletons, the woman. She had just been buried when it happened, because the bones were not dislodged from their normal places. This would mean that the connective tissue was still in place at the time of the cataclysm.

Dig

Because of unusually heavy rains since the excavations began last September, the site is very vulnerable in its present condition. The excavation as it is now, about 20 square meters, was completed in December with one archaeologist, J.B. Havisser Jr., an Msc., and a doctoral student at the university of Leiden, as the only excavator. Mr. Havisser is an archaeologist at the AAINA on Curaçao which is headed by Mr. Edwin Ayubi.

Adding to the vulnerability of the site is the fact that it has been visited by school-children, who unwittingly did consider-

able damage to a very important part of their islands' and the Caribbean's history. At present the institute has applied for a grant from the present owners, the Island Government of Curaçao, to make the site a park and to obtain additional funds to build a display case over the skeletons. Unfortunately the money which is needed at once has not yet been forthcoming and the danger from erosion and vandalism increases. Of course no further excavation can be attempted at this time without better security, although the institute expects that more graves and non-ceramic artifacts will be found at the site. Systematic archaeology is in its infancy on the island. But Mr. Ayubi, the AAINA director is to be credited with seeing the need for systematic explorations of the island's ancient past and gearing his institute to meet that need. In this case, the results have been extremely rewarding.

How they found them

The St. Michielsberg site was recognized as an Indian settlement in the 1960's, but it had not yet been explored. It was at the urging of a Curaçaoan man-of-letters, Mr. Carel de Haseth, whose family plantation backs on the property, that the site was more closely scrutinized. Mr. de Haseth was convinced that there was more here than met the eye, and he took Mr. Havisser on a walking tour of the hill one day last August. As they strolled along, eyes nailed to the ground, Mr. Havisser spotted the first scallop shell that had been fashioned into a tool. He was very excited, because this put the site at a much earlier date than he had expected.

Erosion had already affected the area and Mr. Havisser knew he was on to something important when he spotted a bit of a knee joint protruding from the hillside. Packs of equipment were laboriously carried up the incline and excavation started almost at once. In view of the topography, Mr. Havisser methodically began to dig at a point higher up the hillside than the protruding fragment. Working down the incline, he had not yet reached that original skeleton before he uncovered another. At the end of four months, the terraced dig was at last completed and he had uncovered three skeletons in addition to the original one, the one which was later identified as a juvenile, probably male. After identification by Dr. Tacoma, the re- ▶

mains of three skeletons were left in situ; the fourth was dispatched for carbon dating.

Paper in preparation

The first of four papers on the St. Michielsberg site is in preparation now. The lab is crammed with paper bags full of artifacts for cataloguing. The old inhabitants of St. Michielsberg have been left to remain on their hillside. The first paper by Mr. Haviser will be called "Preliminary Observations on an Archaic Settlement on Curaçao." It will be presented at the 11th International Congress on Caribbean Archaeology at the University of Puerto Rico in San Juan on July 28- August 3.

Professional interest.

The find has already attracted the professional interest of the noted Venezuelan archaeologist, Prof. Jose Cruzent. He rushed to the site immediately upon hearing the news. At the conclusion of his observations he agreed that the find could concern a pre-ceramic, archaic culture. At the Dicarb Radioisotope Co. in Norman Oklahoma, U.S.A., Ms. Irene C. Stehli got the bone samples soon after they were mailed there on February 3. She said that unfortunately the collagen protein content was insufficient for dating, possibly due to the presence of saprophytes, an organic enzyme in the soil. A second sample, this time of shell material found in close association with the site followed, and the results were gratifying, putting the dig just under 4,000 years old.

Among those who expected the carbon dating confirmation is Dr. L.P. Louwe-Kooijmans of the Rijksuniversiteit at Leiden in the Netherlands, another noted archaeologist who visited the site this winter and concurred in the findings. Other archaeologists have expressed an interest in the St. Michielsberg site and that interest is expected to grow as the news reaches the media.

Inquiries

The find is a very important one for the island and for the Caribbean as a whole. The authorities hope to protect it further and make it legitimately accessible for viewing in the near future. Until that time, all inquiries should be addressed to the AAINA, Antillean Archaeological and Anthropological Institute at the van Walbeekplein 6 B, Curaçao, Netherlands Antilles, to the attention of Mr. E. Ayubi, Director.

CLOSURE OF LAGO

By Alice van Romondt

Can tourism alone replace Lago?

A.T.I.A. News; Vol. 10; no. 5 (Nov. 1984).

"Reunion General tokante baimento di Lago".

"Skol & Komunitat"; no. 7; 1984.

Analisis.

"Skol & Komunitat"; no. 7; 1984.

Kiko seramento di Lago lo siña nos?

Skol & Komunitat; no. 8; 1984 page 4.

Lago ta bai laga nos; e posibel motibonan.

Skol & Komunitat; no. 8; 1984 page 7.

Posibel konsekuensi pa e posishon di hende muhé door di sierra di Lago.

Skol & Komunitat; no. 8; 1984 page 12.

Who needs it.

The Economist; November 1984 page 69/70.

"Aruba"; no. 45; 10 november 1984.

Elseviers magazine.

"Hoe Nederland met ons omgaat?

Zorgeloos is te zacht uitgedrukt! Antillen-premier Maria Liberia-Peters";

Elseviers magazine; no. 50; 15 dec. 1984.

Chronologisch overzicht "Sluiting-Lago".

Een bundel krantenknipsels i.v.m. Lago-sluiting.

Samengesteld door B.P.A.

(Lokale kranten).

Exxon announces closure of Lago refinery; after a sixty year presence.

Antillen Review; Vol. 4 no. 5 (Nov.-Dec. 1984) page 11/12.

Venezuela holds key to Lago's future.

Antillen Review; vol. 4 no. 2 (May-June '84) page 27/28.

5 Studiante sekshon Aruba ta opina: Status Aparte-U.N.A.-Aruba-Lago.

Brasia; korant di Universidat di Antiyas; vol. 7 no. 8 mei 1985.

Het einde van de Antillen.

Intermediair no. 52 (28 dec. 1984) page 15

Schrijver: Marcel Metze.

Het raffinement van Betico Croes.

Elsevier; no. 46 - 17 nov. 1984 page 14/21.

Een verwend eiland moet inleveren.

Elsevier; no. 12; 23 maart 1985 page 10/12.

Schrijver: Pierre Huyskens.

Aruba met Lago, Aruba zonder Lago.

Scriptie A.P.A.-studente Monique Winkel.

A new horizon.

Uitgave Aruba Esso News 1985.

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